

## ROLE OF QUALITY CIRCLES IN NEW BUSINESS SCENARIO WITH SPECIAL REFERENCE TO THE SERVICE SECTOR

**SHAGUN AHUJA**

Associate Professor of Commerce, Government College, Ambala Cantt

**RENU SHARMA**

Assistant Professor of Commerce, Sanatan Dharma College, Ambala Cantt

### ABSTRACT

Quality circle is one of the most popular approaches used for solving the problems. This approach uses the efforts of teams for problem solving. The teams in quality circles work autonomously. The most significant factor under Quality circles is that members are able to enhance their creativity as various intellectual minds interact with each other for the purpose of solving the organizational problems. Personnel get the opportunity for performing the tasks which is not similar to their routine jobs. This enhances their confidence level and keep them satisfy on their jobs. The teams under quality circles are led by their superior or any senior in the organization, who gives direction to their discussion and help them to reach at the solution to the problem. This senior most member of the quality circle has the major responsibility for making the efforts of the other members successful. In this process he should have positive attitude towards the members and should encourage team spirit for successfully achieving the objectives of the quality circle.

**Key Words:** *Quality, team spirit, job satisfaction*

The post World War II scenario, the goods of Japan were considered of the poor quality all over the world i.e. the reputation of Japan was totally came to halt after the World War II and its goods were given the tag of Shoddy Goods. The organizations in Japan tried a lot to find the methods or ways for enhancing their quality of goods. Dr. Juran and Dr. Deming from Japan played an important role in this direction. They provided training to the various Japanese supervisors for effectively applying the techniques of Statistical Quality Control (SQC) for improving the quality of their products. The trained supervisors further guided their workers and enhanced their knowledge in relation to the use of Statistical Quality Control techniques for solving the quality related problems. Thus the concept of quality circles first emerged in Japan through the quality control. The quality control movement was launched in Japan with the contribution of Dr. Ishikawa Kaoru. The supervisors of Japan explored the various techniques of statistical quality control and the philosophy of quality circle so deeply which resulted in a big success and the products of Japan became a big threat to even high technology western products.

When the small number of employees meets voluntarily and regularly for solving some work related problems including safety, quality, productivity, efficiency, working conditions, cost is called quality circle. These small numbers of members bring out solution to the various work related problem and also provide suggestions to the supervisors for effectively and efficiently performing their selected jobs. . Quality circle is one of the most popular approaches used for solving the problems. This approach uses the efforts of teams for problem solving. The teams in quality circles work autonomously. The most significant factor under Quality circles is that members are able to enhance

their creativity as various intellectual minds interact with each other for the purpose of solving the organizational problems. The number of members in the quality circle is an important issue. As if the number of members is large, it will not be possible for each member to comfortably present his opinion in the group and if the number of members is less than it will be difficult to find the solution to the problem. *According to Dorwin*, “A quality circle is a small group of employees doing similar or related work who meet regularly to identify, analyze and solve product quality problems and to improve general operations.” *In the words of Rose and Ross*, “The quality circles are relatively autonomous units (ideally about 10 workers), usually led by a supervisor or senior worker and are organized as work units. The worker who have a shared area of responsibility, meet periodically to discuss, analyze, and process solutions to ongoing problems.”

*According to Thomson*, “A quality circle is a small group of employees from the same work area who meet regularly and voluntarily to identify, solve and implement solutions to work related problems.”

Therefore, in a quality circle the small number of personnel from the same work area, meet voluntarily and regularly to find solution to the various work related problems

### **HISTORY OF QUALITY CIRCLES**

After the World War II the Japanese industries were completely destroyed. JUSE worked for growth and development of quality concepts and in 1950 it invited Dr. Edward Deming, a renowned American Expert on quality to visit Japan. Dr. Deming delivered a series of lectures on various aspects of quality control to the top management of several companies of Japan.

Dr. J.M. Juran, another authority on quality control, was invited by JUSE in 1954 that held top management and middle management seminars to propagate the latest concepts of quality control. In the following years, JUSE organized number of training programmes to bring quality control concepts to middle rungs of the company's management ladder. And to involve those at the bottom, JUSE under the stewardship of Prof. Kaoru Ishikawa, mooted the concept of quality circle. The first quality circle was registered in May 1962 at the quality control circles headquarter, JUSE in Tokyo encouraged by the savings from first quality circle movement in Japan. According to the estimate, today Japan has more than 1.2 million quality circles which involve more than 12.4 millions of employees. Due to these quality circles Japan has able to achieve its present dominant position and is now a big threat to the existing American industry.

### **REVIEW OF LITERATURE**

Soleyman Iranzadeh, Khadijeh Bahrami (2013) investigated the impact of knowledge management in enhancing the creativity of the personnel working in west Azerbaijan Water and Sewage Organization (WSO) (Soleyman, Khadijeh: 55-59). Rod Patrick Githens (2015) in his study found that HRD not only focus on increasing the organizational performance; but also dealt with the issues like alternative work structures, politics, power, etc (Githens: 185-204). Akhter et al. (2016) the results showed that supervision and compensation have a significant effect on job satisfaction of teachers. The study suggested that the public and private sector should provide compensation rewards, moral supervision and supportive co-worker environment to increase the satisfaction level of employees (Akhter, N., Hussain, A., Bhatti: 572). Sanyal et al. (2016) examined the relationship between organizational culture personnel effectiveness, and job related stress among teachers. The study highlighted the positive correlation among all the above factors (Sanyal, N., Fernandes, T., & Fatima, A: 251-270). Goswami R. and et al (2017) made a comparative study on training and development practices in public and private sector banks and explored that private sector banks are more conscious to provide training to their employees. Both Public sector banks and Private sector banks have faced difficulties and challenges in the training and development department but the

private banks provide superior training to their employees than the public sector banks (Gosswami. R., Pandey.M., & Vashist. A). Abdolshah and et al (2018) they analyzed that various factors like working conditions, policies, procedures, supervisor's style, promotion opportunity and pay is to be examined to assess the job satisfaction. Job description index is a valid tool for measuring job satisfaction. F-test, t-test, SPSS and linear regression tools are used to examine the data. It is concluded that compensation variables, upgrade and colleagues, are at top three positions, which affect the job satisfaction of personnel (Abdolshah, M., Khatibi, S. A. M., & Moghimi, M.: 207-222). Fahim (2018) the study found that the use of good HRM practices is an important strategic tool for retaining the employees in the public sector organizations. The study also recommended that management should adopt effective measures to for retaining employees like Public sector organizations can apply appropriate strategic HRM practices for this purpose. ( Fahim, M. G. A) Elrehail et al. (2019) the study added that in five star hotels in Northern Cyprus, mediator factor had no effect on achieving competitive advantage but HR practices had a significant impact on competitive advantage. The study suggested the use of training and development programs which are specifically designed for the hotel industry (Elrehail, H., Harazneh, I., Abuhjeeleh, M., Alzghoul, A., Alnajdawi, S., & Ibrahim, H.).

#### **NEED AND IMPORTANCE OF THE STUDY**

In India Quality circles were first launched in BHEL, Hyderabad in 1980. Currently this organization has nearly 100 quality circles in its various branches all over India. Quality Circle Forum of India was formed in 1982 to propagate concept. The concept of quality circles is gaining momentum and quite a few firms in the private sector – Kirloskars, Alwayns, Tata's, H.A., Rourkela Steel Plant etc., have instituted quality circles. It is true that quality circles do not offer any financial benefits but it provides many other rewards to the individual employees who are part of the quality circle and the organization itself. Quality circles helps in the self development of the employees by changing their attitude towards their job, it increases the self confidence of the personnel and also provides them sense of achievement. It is a programme in which employees participate and interact with each other which further enhances their level of knowledge. The joint problem solving also generates team spirit and cooperation among the employees. Members make presentation of their project/problem before the management, which helps them to improve their communication skills. The most significant factor under Quality circles is that members are able to enhance their creativity as various intellectual minds interact with each other for the purpose of solving the organizational problems. Personnel get the opportunity for performing the tasks which is not similar to their routine jobs. This enhances their confidence level and keep them satisfy on their jobs. Thus there is an intense need to study the role played by these quality circles in enhancement of team spirit, communication, job satisfaction and self development of the personnel working in the service sector.

#### **OBJECTIVE OF THE STUDY**

The objective of the present study is to analyse the role of quality circles in the new business scenario with special reference to the service sector and to provide suitable suggestions for the improvement and increased use of quality circles in new businesses.

#### **RESEARCH METHODOLOGY**

- a. Research Design: Descriptive and analytical research design was used for investigation of the research problem.
- b. Data: For the purpose of the study secondary data has been used.
- c. Collection of Data: The secondary data was collected from the Annual Reports and other

documents of the various service sector organizations. Various Books, Journals, Articles, Newspapers and websites were consulted and used wherever required.

### PROCESS OF QUALITY CIRCLES FOLLOWED IN INDIAN SERVICE SECTOR

The process of quality circle consists of following steps:

1. **Formation of the Circle:** In this step the employees of the organization are briefed of the concepts of quality circles and are invited to voluntarily form quality circles in their respective areas. Each circle is a small group between 8 to 10 members who join the groups on the voluntary basis. Each circle elects a leader for piloting the discussions and deliberations. Members are drawn from the same work areas that do the same work or similar work so that problems they identify are familiar to all members.
2. **Training of Members:** Members are imparted necessary training in simple tools and techniques – Pareto's analysis, Ishikawa diagram, Control charts, Brain storming etc. for solving quality problems. They are also taught simple statistical techniques like Data collection, Histograms, Frequency distribution etc. Leaders are given training into the process of selection of the problem, breaking the problem into its vital few and trivial many elements, drawing up of “cause and effect” relationship or investigating alternatives, preparing reports for the management, making presentation etc.
3. **Problem Identification and Problem Selection:** A problem may be identified in four ways, namely:
  - (a) By the members of the circle.
  - (b) By non members of the circle.
  - (c) By the management.
  - (d) By an outside agency.

More than one problem may be suggested to the circle thereby enabling the members to select one out of these by majority consensus. Problem selection, however, is prerogative of the circle. Themes selected by the circle, however, should be within the reach of the quality circles.

4. **Problem Analysis:** Analysis of the problem is entirely the responsibility of the members. The deliberations of the quality circles are usually organized to analyze the various aspects of the problem. Members first develop an action plan/schedule which is broken up into milestones or responsibilities assigned to various members. Meetings of the circle may be held once a week, preferably on a fixed day, each meeting of around one hour duration.
5. **Recommendations:** The Pareto's analysis – cause and effect analysis – is employed to arrive at the best solution. Trial runs are made to test the technical as well as economic feasibility of the proposed solution.
6. **Management Presentation:** The solution that is found technically and economically viable is communicated through a formal presentation to the management during which charts and graphs are used by the members. The presentation by the quality circle is usually made to the supervisor to whom the circle leader reports. The higher level executives may be present as observers but the decision is generally taken by the normal management hierarchy.
7. **Review and Decision by the Management:** The acceptance of the recommendations of a Quality circle is frequently given in the first meeting in which the proposal is presented. This is because the manager is usually know long before the presentation, the problem on which

the team has been working and what its recommendations are going to be. The only thing which the management needs to look into is to ensure that the solution:

- (a) is cost effective.
- (b) does not affect other parts of the organization.

8. **Implementation:** The solutions evolved by the circle are implemented by the members themselves.

9. **Monitoring the Effect:** The responsibility of the circle does not end with the implementation of the proposed solution. Close monitoring, especially for a brief initial period, is essential to know the effects of the change. The problem encountered if any during implementation is analyzed again and rectification in the initial solution is made.

#### Proposed Benefits of Quality Circles in Service Sector:

Quality circles provide the following benefits to the organization:

- **Improve** : Employer employee relationships.
- **Develop** : Participative culture and team spirit
- **Reduce** : Work related errors
- **Increase** : Productivity and reduced cost
- **Improve** : Quality of goods and services produced by the firm
- **Leads** : To better efficiency in the organization.
- **Catalyze** : Attitudinal changes
- **Create** : Consciousness regarding quality
- **Save** : A certain amount of managerial time.

#### ORGANIZATION STRUCTURE FOR QUALITY CIRCLES IN SERVICE SECTOR

The organization for quality circles consists of:

1. **Steering Committee:** It is the main body at the topmost level of the organization which includes the heads of the various departments like Production, Finance, Material, Marketing, Engineering, Quality Assurance etc. with the Chief executive of the organization at the top. The committee meets periodically and it:

- (a) Lays down policies and objectives of quality circles.
- (b) Identifies overall quality and productivity problems in the organization.
- (c) Authorizes budget for quality circle activities.
- (d) Guides members in the selection of the problems to be tackled by the circle.
- (e) Takes part in the top management presentation by the circles and ensures proper implementation of the suggestions of the circles.

2. **Facilitators:** These are selected by the steering committee to supervise the activities of two, three or more circles. A facilitator is usually a senior officer nominated by the management who is in charge of shop or department. The facilitator acts as a teacher, a promoter, a catalyst, and a guide to the quality circles. The responsibilities of the facilitator are:

- (a) To train members of quality circles working in close liaison with the leaders.
- (b) To interface between circles and other functional areas.

- (c) To render support and assistance to the circles under his control.
  - (d) To maintain records of the proceedings and recommendations of the circles.
  - (e) To work closely with the steering committee.
3. **Leaders:** A leader plays most important role in the success of the quality circle. So the leader should possess proper knowledge of various statistical methods and approaches which are required to be used for the purpose of identifying and analyzing the problems. The leaders also, like other regular members participate in the discussion. The leader should take the responsibility of each and every decision taken under quality circle. Responsibilities of the leader are:
- (a) To organize the training program for the members of the circle for imparting them the knowledge about working in the quality circle.
  - (b) To prepare schedule and purpose for the meeting.
  - (c) To organize and hold the meetings.
  - (d) To prepare the proposed action plans for comparing actual results with the set goals through intermediate reviews for taking mid course corrections.
  - (e) To assign roles to members and to guide them for effective contribution towards the achievement goals.
  - (f) To ensure that proper discipline is maintained in quality circles meetings.
4. **Members:** Members form hard core of the quality circle. Employees who voluntarily want to join quality circles and belong to the same work area are chosen as the members. The group should be small and can have 8 to 10 members. The members should possess required education and experience in the concerned field and should be expressive or extrovert in nature.
5. **Coordinator:** In a big organization, the Quality assurance agency is required for coordination of the activities of the quality circles. The various functions of coordinator include:
- (a) Rendering assistance as required by the circle.
  - (b) Disseminating literature in relation to circle activities elsewhere.
  - (c) Organising training programme.
  - (d) Publishing newsletter to communicate circle activities.
  - (e) Providing necessary facilities for the meeting of circles.

#### **PROBLEMS RELATED TO QUALITY CIRCLES IN SERVICE SECTOR**

The performance of the quality circles in India is not remarkable due to some of the limitations which are as follow:

1. **Complicated Problems:** The members of the quality circles are generally workers and do not have vast knowledge about the complicated problems so they are able to solve only simple day to day problems, routine problems or small problems. Employees at grass root level, due to the less education and training are not able to solve complicated and technical problems which affect the whole organization.
2. **Negative Attitude:** The personnel and even their superiors have negative approach for the quality circles and due to this reason they resist the implementation of the quality

circles. The wrong notion of the people towards the quality circles had adversely affected its use in the organizations.

3. **Non Cooperation of Unions:** In India labor unions are not in the favour of quality circles. Unions in fact have negative approach and do not get wholeheartedly involved in the working of quality circles. Most of the unions think that quality circle is a tactics of the top management for making them work for the purpose of increasing productivity and without giving them any benefit or reward of their extra or increased efforts.
4. **Lack of Interest of Supervisors and Lower managers:** At the initial stage, i.e. when the problem is allotted to be solved through quality circles, the supervisors and lower managers usually show their interest in the working and the problem solving but slowly when the activities of quality circle gain momentum they start getting aside from the activities of quality circles. Professionals in the field opined that this is due to psychological affect as management gives all the credit of problem solving to the members of quality circles and ignores the efforts of supervisors and the line managers. Supervisors and first line supervisors feel that simple suggestions made by QCs will show them poorly in the eyes of management.
5. **Personnel's' Learning and Educational Level:** Personnel working in the lower level in the Indian organizations have very low level of education and knowledge. They even don't able to understand the basic techniques and principles of problem solving like charts, data analysis, regression analysis, dispersion, averages, graphs, bar and pie diagrams etc. These statistical techniques are very common and the employees who are involved in ensuring good quality in every organization should be proficient in applying these techniques for the solution of practical problems relating to quality of products. But the primary problem in India is that the top management provides the training of these techniques to the workers initially instead of training their managers who themselves are unaware of the use and application of these statistical techniques.
6. **Less Opportunity for Participation to the Unions:** Sometimes the top management in the organization does not have good relations with their unions. This can be due to its minimal interaction with the members of union, which leads to the lack of trust and cooperation between the management and the union. Due to this reason management fears that the members of the union will not cooperate in the activities of quality circle rather they will create problems in its success. Therefore, management keeps the members of the union away from the activities of the quality circle, which in turn creates the negative attitude of the later towards the quality circles.
7. **Ignorance towards the Suggestions:** The morale of the members of the quality circles is hampered when their suggestions are not used by the top management without mentioning any reason. They feel that their all efforts have gone in vain and specially without any reason. So the top management should consider each and every suggestion and all the suggestions which can enhance quality of products and can be feasibly applied should be implemented. This will definitely increase the morale of the employees working in the quality circle.

## SUGGESTIONS FOR ENHANCING ROLE OF QUALITY CIRCLES IN SERVICE SECTOR

Following are some of the suggestions for the success of quality circles:

1. **Support of Top Management:** Quality circles activities are not possible without the top management. If top management withdraws its support than the existence of quality circles will have no meaning. So top management should support the quality circles and the managers should interact with the members of quality circles from time to time and help them in resolving their issues if any.
2. **Implementation of Suggestions:** The suggestions provided or presented by the quality circles should be implemented immediately if they are feasible and can enhance the quality of working in the organization. This will increase the morale of the employees and will also motivate them for better working in the future. Further, if any suggestions are not acceptable or cannot be implemented, than the management should give or explain the reason behind that to the members.
3. **Futuristic Approach:** Quality circle is not a short term exercise rather it is a long term approach for the future as no objective can be achieved in a short span of time. Management should not expect that quality circles will overnight change the scenario. So the success of quality circles can only be seen in the long run and the management should show patience in this direction.
4. **Involvement from all Levels:** The employees at all levels should be made aware of the importance of quality circles in the organization. Opportunity for participation in the quality circles should be given to the employees of all levels in their respective quality circle. Employees at all levels should accept the quality circles and should be ready to cooperate with its working. Organizations can organize special orientation programs for making their employees aware of the quality circles and to increase their involvement in the working of the quality circles.
5. **Enhancing Morale of the Members:** The top management should enhance the morale of the members of quality circles by appreciating them time to time for their efforts and work. This will encourage them to give their wholehearted cooperation and they will give their best to the activities of quality circles.
6. **Cost Benefit Analysis:** It is necessary for the top management to analyse the expenditure to be incurred on the activities of quality circles and it should be compared with the expected benefits. It should be assured that expected benefits should be more than the expected cost.
7. **Removal of Misunderstanding of Middle Managers:** Sometime the managers of middle level have misunderstanding or fear that their importance will be reduced or their working will be exposed or they will become useless after the introduction of quality circles in the organization. So the top management should remove such misunderstandings and fears for getting the full cooperation and support of the middle managers.
8. **Selecting Members with Interest:** The management before selecting the members for the quality circles should look after the interest of the employees. The selection of members should be totally voluntarily and interest based otherwise the diversity of interest will lead to the confusion and quality circle will lose its direction.
9. **Open Communication:** There should be open communication in the organization and

among the members of the quality circles as the lack of communication will create misunderstandings. The organization should remove all types of language barriers for ensuring effective communication at the work place. Members of quality circles should have access to all types of required information for the smooth functioning of quality circles. So open communication contributes in the success of quality circles.

**10. Conducive Environment:** Management should create conducive environment for proper working of quality circles. It should promote mutual trust, cooperation and team spirit among the members of the organization. The disputes or grievances if any should be resolved at the early stage only for avoiding any future complications. Efforts should be made for ensuring good industrial and human relations in the organization.

**11. Effective Leader:** The leader should possess proper knowledge of various statistical methods and approaches which are required to be used for the purpose of identifying and analyzing the problems. The leaders also, like other regular members participate in the discussion. The leader should take the responsibility of each and every decision taken under quality circle. He should have all the required traits of a leader.

Therefore, in Quality Circles the small number of employees meets voluntarily and regularly for solving some work related problems including safety, quality, productivity, efficiency, working conditions, cost. These small numbers of members bring out solution to the various work related problem and also provide suggestions to the supervisors for effectively and efficiently performing their selected jobs.. The organization for quality circles consists of Steering Committee, Facilitator, Leader, and Members. The group is small, between 8 to 10 members. Members are from the same or similar functional area.

## REFERENCES

- Soleyman Iranzadeh, Khadijeh Bahrami. Survey of Knowledge Management Dimensions and Creativity (a Case Study). *Human Resource Management Research*, Vol. 3 No. 2, 2013, doi: 10.5923/j.hrmr.20130302.01.
- Rod Patrick Githens. (2015). *Human Resource Development Review*. June 2015, Vol 14 No. 2
- Akhter, N., Hussain, A., Bhatti, M. U. S., Shahid, F., & Ullah, H. M. E. (2016). Impact of HR practices on job satisfaction: a study on teachers of private and public sector. *International Review of Management and Business Research*.
- Sanyal, N., Fernandes, T., & Fatima, A. (2016). Personal Effectiveness, Organizational Culture and Work-Related Stress among Teachers. *IRA International Journal of Education & Multidisciplinary Studies*.
- Gosswami. R., Pandey.M.,& Vashist. A. (2017). Training and Development Practices in Public and Private Sector Banks: A Comparative Study, *IJARIE*, retrieved from [www.ijarie.com](http://www.ijarie.com)
- Abdolshah, M., Khatibi, S. A. M., & Moghimi, M. (2018). Factors influencing job satisfaction of banking sector employees. *Journal of Central Banking Theory and Practice*, 7(1).
- Fahim, M. G. A. (2018). Strategic human resource management and public employee retention. *Review of Economics and Political Science*.
- Elrehail, H., Harazneh, I., Abuhjeeleh, M., Alzghoul, A., Alnajdawi, S., & Ibrahim, H. M. H. (2019). Employee satisfaction, human resource management practices and competitive advantage. *European Journal of Management and Business Economics*.