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In last month's column I wrote of evidence now emerging to show that recent management pre-occupation with downsizing and cost cutting has failed to produce the results predicted. The focus on Quality for this edition calls for some comment on the implications of Total Quality Management (TQM) for management of people in Australia's organisations.

TQM has risen quickly to become in the 90's the most popular policy for pursuit of improved performance in Australian industry. While the concept has been around for many years, demonstrated especially in the work of W.E. Demming in 1950's Japan, it was the emphasis on quality in the Foley Report of 1987 (*Report of the Committee of Review of Standards, Accreditation and Quality Control and Assurance*. Canberra: AGPS) which began the Australian fixation with TQM as a solution to efficiency and production problems.

One way of looking at TQM is based on the 'Quality Triangle': Customer Focus, Data-Based Decisions and Teamwork. In fact the approach, while seen as different from earlier management styles, borrows quite heavily from its predecessors. In Taylor's Scientific Management it finds its emphasis on studying the *systems* for doing work. From the Human Relations School it includes a *consultative* team-based personnel management style. And, of course, in their enthusiasm to tackle their problems, and especially to be seen as up-to-date with conventional wisdom, a majority of managers seem tempted virtually to graft TQM onto organisational cultures which have developed for years under fundamentally different and often diametrically opposite regimes. Therein lie some of the dangers in the urge to jump on the TQM bandwagon.

In particular, organisations need to be extremely careful to align their human resource management (HRM) policies to a new commitment to TQM. If they fail to do so, their retention of unsuitable personnel management styles can alone make adoption of TQM a high profile, embarrassing failure.

Nowhere is this better illustrated than in the area of staff performance measurement and rewards. Traditionally, most organisations have felt it essential to put in place fairly formalised performance appraisal systems involving setting of annual goals and assessment of results against them. This, in fact, continues to represent the central element of an objectives-based approach to corporate and business planning still used in a great many Australian organisations, including those which now purport to be committed to Total Quality Management. But it is arguable that this represents an impossible contradiction, as well as indicating almost certain failure for TQM in those organisations, notwithstanding the time and effort being given to it.

For careful analysis will suggest that individual performance assessment of this kind is quite inconsistent with the ideals of TQM. It focuses on the work of individual workers rather than on the output of teams, which are central to quality philosophy. Indeed, because appraisal is the basis for salary setting, it in fact encourages competition among employees for access to an inevitably limited salary 'cake', the very antithesis of teamwork. Because attention is always focused on results over a single year (or even less) existing appraisal systems discourage the long-term planning focus on which all of Japan's economic success has been built. Because it is natural for employees and managers to set goals which

they can achieve, horizons are narrowed and 'safety first' attitudes are likely.

Moreover, the way in which goals are set between manager and subordinate as the sole basis for reviewing individual and ultimately organisational performance means that influences which are systems or procedurally based are often overlooked. In other words, appraisal assumes far too much control by the individual employee over work output. In reality, both good and bad results are often crucially determined by the quality of systems and processes. A good system will invariably produce good results and the converse is usually true. Traditional staff performance measurement techniques fail to take this into account.

And finally, of course, these techniques must either overtly brand half the workforce as falling short of an average competence level or go through the charade of concealing the fact. It is difficult to see how either can strongly motivate staff or facilitate teamwork as a basis for successful TQM.

What are the lessons from all of this? There are probably three. First, if Total Quality Management is to provide a genuine answer to Australia's productivity problems, it cannot just be imported into an otherwise unchanged organisation. Second, if it is to work managers and staff must be given extensive and detailed training in both its major elements and techniques. And third, and most importantly, the impact on all aspects of Human Resource Management must be assessed *before* and appropriate changes made *during* its introduction if TQM is to avoid the fate of many of its predecessors—that is, grand designs launched in a blaze of advance publicity but soon consigned to the managerial rubbish bin as merely yesterday's fad. ■

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