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**IN PURSUIT OF ORGANIZATIONAL EXCELLENCE  
VIA WORKPLACE PARTNERSHIP**

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**Summary**

*After the 1950s, quality dimensions quickly evolved from inspection to fitness for use, then to consideration of the human aspects, work relationships and to labor management cooperation. Today, companies in pursuit of excellence, use strategic approaches to total quality management (TQM) through workplace partnerships. Lately, four cases of companies in the Philippines went through the five Phases of TQM development based on the criteria of Malcolm Baldrige National Quality Award. Practicing workplace partnerships structured through the mechanism of labor-management councils (LMC), these companies built quality that led to organizational excellence.*

**Keywords:** *Quality dimensions, Labor Management Councils, Total Quality Management.*

**Introduction**

Quality dimensions evolved from a focus on inspection (Alexander, 1988) in the 1950s to partnerships in the decade of the 1990s (Gatchalian, J, 2000). Together with these changes, approaches to the quest for total quality management (TQM) also considerably developed in various ways (Gatchalian, M. 1997; Gatchalian, M. et. al. 2002). The objective of this paper is to show how the pursuit of excellence (TQM-based) progressed, through the implementation of Labor Management Cooperation (LMC) that ultimately utilized partnerships in the shop floor. Four companies of varying nature underwent the Phases of TQM development via the

LMC process and structure in the last decade. However, due to space limitations only the experience of one company will be presented in this paper.

**Methodology**

Table 1 presents the matrix of information with regards to the nature of four companies which underwent the Phases in the quest for TQM. Two companies were doing well in their business where one was a service company with a union while the other, a manufacturing company without a union. The other two were on the verge of bankruptcy, where one was a manufacturing company with a labor union and the other, a service company without a union.

**Table 1:** Matrix of information on the four

Company status	with Union	Without Union
(start of intervention)		
making	International Container	Cedu Miatsumi, Inc.
Profit	Transport Services, Inc (ICTSI-Service) started 2004	(CMI) (Manufacturing) started 1996
Sustaining		
Annual	Ebara Benguet	Enchanted Kingdom
Losses	Inc.(EBI) (Manufacturing) started 1998	Inc.(EKI) (Service) Started 1999

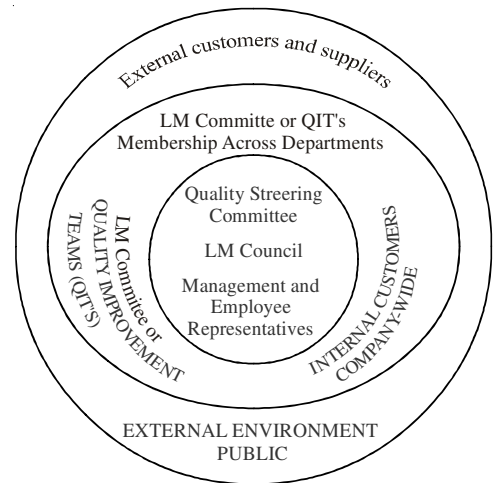
Each of the phase of TQM development shown in Table 2 were followed by the four companies at different periods of time and at different paces. The training, consultancy and coaching provided to all companies were basically similar to each other although they were implemented at different time periods.

**Table 2: Phases of TQM Development**

Phase I. Determination of the climate for TQM through a survey of perception company-wide and Introduction of Labor Management Cooperation (LMC)
Phase II Development of the language of quality, determination of company directions and review /set-up strategic plans for quality focused on TQM principles
Phase III On-going Total Quality Management-LMC Directions ( plus documentation of procedures/systems)
Phase IV Strengthening the Process and Structure for TQM through LMC-based workplace partnership
Phase V. Building the Capability for Sustaining TQM through LM Councils and QMR relations enhancement

respective number in the council, which generally totals to 10 or less, need not be equal.

**Figure 1: Linkage between LMC and Quality**



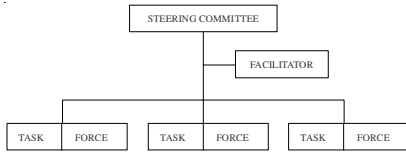
It is important to emphasize here that the observed practices common to all the four companies was the full commitment and leadership provided by top management. This started from their President and filtered down to the senior management people. At Enchanted Kingdom, the case to be presented in this paper, the role of the Head of Human Resource Division was also a major factor for success. Her personal involvement and commitment to LMC greatly facilitated implementation of the TQM program phases.

Figure 1 shows the linkage between the LMC and the quality efforts in the company.

The Labor Management Council is made up of management representatives appointed by the President and labor representatives elected by the rank and file employees. Since agreements and actions were to be based on consensus, their

The LM Council serves as the nerve center of the organization and they receive requests for improvement, as well as, problems needing resolution. To facilitate the latter, they create task forces or standing committees which act on the problems as teams. The team, with 3 or more members, has joint memberships from the management and labor or the rank and file. Recommendations for problem solution or for improvement are acted upon by the LM Council in a timely manner. The idea is to involve everyone company-wide in problem-solving activities or in the improvement processes to hasten progress towards TQM. The structure of the LM Council as they relate to the task forces is shown in Figure 2.

**Figure 2:** Structure of the LM Council



**Results and Discussion**

*Phase 1 - Climate for TQM and Introduction of LMC (see Table 2)*

The experiences of Enchanted Kingdom (EK) are utilized as a sample case in this report. Results of the climate survey at EK made the company realize their need to have more opportunities to develop quality awareness and learn quality principles, practice and related matters. It was also clear that improvement was necessary at all levels in the organization and in all areas of their operations. The result of the sample survey on the climate for TQM explained these needs for change. Soon after, the survey findings were further discussed and later, directions were agreed upon. At this time, the LMC was organized following the structure shown in Figure 2.

*Phase II - Development of TQM*

Development of the language of quality meant that EK leadership urgently needed to share company directions with the

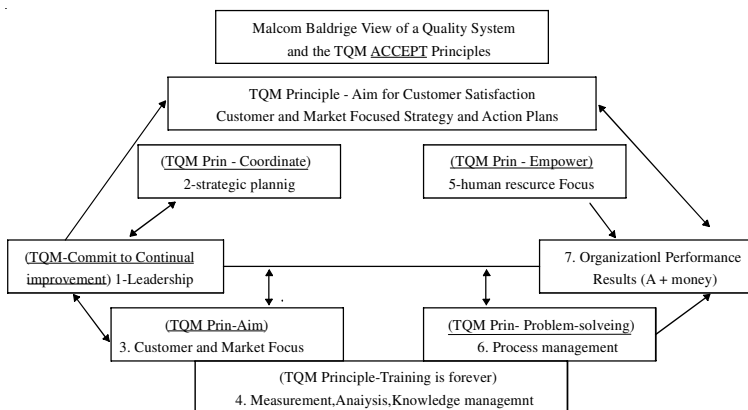
employees through a well-designed strategic planning activity. A series of seminar workshops on TQM and other quality-related activities were conducted.

The acronym “ACCEPT” principles of TQM (Gatchalian, M. 1997) were carefully discussed and related to existing practices. Those still requiring improvements were identified.

“ACCEPT” stands for **A**im for customer satisfaction; **C**ommunicate and coordinate all activities; **C**ommit to cooperate for continual improvement; **E**mpower the employees; **P**romote usage of problemsolving tools; and **T**raining is forever. Figure 3 presents how these principles are embedded in the Philippine Quality Award (patterned after USAs Malcolm Baldrige National Quality Award). Its seven criteria actually measure the level of TQM practice.

Major results of Phase II implementation included: (a) Sharing of EK business situation (current and projected) by EK President and CEO which lessened suspicions among employees; (b) Re-focusing of corporate Vision, Mission,

**Figure 3:** TQM principles (ACCEPT) and how it is embedded in Malcolm Baldrige Award



Policy, and Goals that clarified company major directions; and (c) Re-formulation of EK's quality policy which provided some concrete guidelines to the management and staff.

One of their results was the summary, shown in a fishbone diagram (Figure 4), of the company's plans to achieve target for survival.

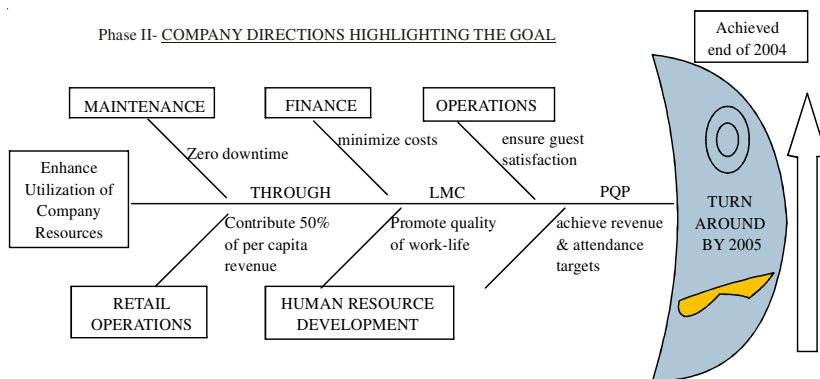
**Phase III - Ongoing TQM Success Measures**

Figure 5 presents some measures which greatly contributed to the Company's

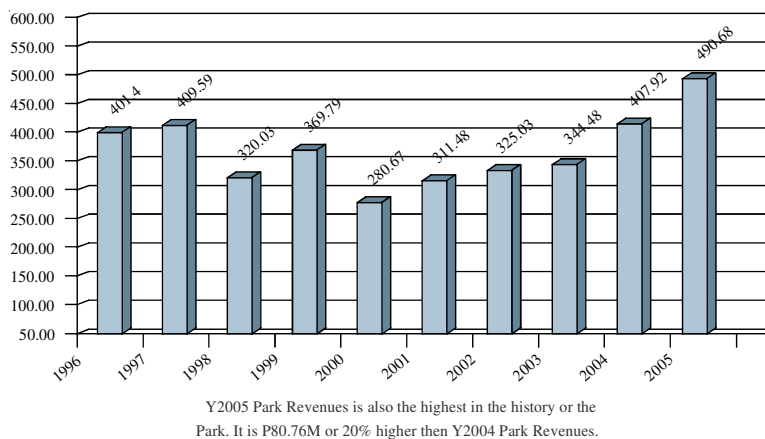
financial health. These are evidences that the quest for organizational excellence through the LMC had an impact on the company's profitability. This relates to Sorqvist's (1998) studies which presented an almost direct relation between quality and profitability. These observations are concrete indicators of increasing organizational excellence through workplace partnerships.

Phases IV and V remain as the companys continuing commitment to their quest for organizational excellence via workplace partnerships.

**Figure 4:** Enchanted Kingdoms target to survive in the highly competitive market



**Figure 5:** Financial picture of EK by year 2005



## Conclusion

Workplace partnership builds good relationships which leads to company-wide participation. The Labor Management Council (LMC) works hand-in-hand with the Quality Management Representative (QMR) for the promotion and practice of total quality management (TQM). Both LMC and TQM use problem-solving tools to achieve continual improvement - this is one of the links between LMC and TQM aspirations that lead to labor and management partnerships. The QMR and LMC urges all employees through, respectively, the quality improvement teams (QITs) and the task forces to solve problems that result to low production cost, high quality products manufactured in the least time - these are some indicators of organizational excellence. Fast selling quality products can easily displace those of competitors and this increases the company's level of competitiveness another measurable indicator of organizational excellence!

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