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1 INTRODUCTION

This article analyses the concepts contained in the Brazilian government's Programme for Quality and Productivity, the PBQP, with particular attention being given to the question of quality. The analysis is based on a study carried out for IPEA in Brasília, which has been described in the Introduction to this Bulletin.

In the first instance, the relationship between quality and productivity is discussed, focusing on its meaning within the historical relationship between capital and labour, and above all on the meaning of quality for workers. Secondly, the article analyses the conjunctural factors which influenced the creation of the PBQP. Finally, using data from the IPEA study, the article considers how firms have understood and confronted the challenges they face in the area of competitiveness. It is argued that the issues of quality and productivity need to be seriously rethought in a way which takes on board both the experiences of other countries and the experiences of all the social groups involved in quality and productivity initiatives.

2 THE QUALITY-PRODUCTIVITY RELATION

The dispute between labour and capital over productivity has a long history. The difference between the potential value of an hour's labour and the amount of work actually performed in that hour is a central feature of capitalist production relations. Capital can purchase the capacity to work, but the purchase of a person's labour for a given period of time does not guarantee that the person's capacity for work will be devoted to the production process. Labour contracts are the basis of production relations, but they can never foresee or guarantee the work carried out by labour. The difference between what workers could do and what they actually do at work is one of the driving forces behind both the development of science and technology and the organization of work. These provide industry with the means with which to regulate and control labour. At one time, control was seen as a way of ensuring effort. Under mass production and Taylorism, the number of people controlling work - managers,

supervisors, checkers etc. - increased as employers sought to transfer know-how to management and establish tight control over labour. The bureaucratization of society itself contributed greatly to this process by dividing classes, work, language and people.

Over time, other forms of control have been introduced. These have put greater emphasis on the desire of humans to be in groups, and the commitment of workers to company objectives has been sought through participation. This line of development, which has been a constant feature in the evolution of organizational theories, has been reinforced by an increasing rejection of authoritarian patterns of social relations. This rejection has been particularly marked in Brazil in the past decade.

The issue which always emerges when the difference between labour's capacity and actual performance is brought into question is that productivity can be obtained by means of coercion, but quality cannot. In fact, one of the means by which workers resist intensification of work is through reducing quality. According to Castoriadis (1985: 111):

Management can guarantee the quantity of work performed by workers, but not its quality. Except in the cases of the most unskilled workers, this is a decisive issue. A worker pressured by norms which are difficult to achieve will tend naturally to reduce the quality of work. Controlling the quality of the parts produced becomes a source of new conflicts.

It can be gathered from this that quality is a decisive factor in social relations of production. This may seem obvious but it should be borne in mind that in the discussions on capitalist control over labour, productivity has always been considered management's prime objective.

The centrality of quality is confirmed by a consideration of current thinking - particularly of Japanese production management, the use of low-stock systems and production by work teams. Collective responsibility determines the level of quality which,

in the final analysis, ensures that a company maintains its competitiveness. While wishing to avoid simplifying unduly complex issues, it is the aim of this article to contribute to the discussion of what the quality and productivity programmes put forward by companies mean for the workers involved in them.

Having established the link between quality and productivity, one further distinction needs to be made - between quality as conformity and quality as specification. This distinction is important as it brings to light the type of quality sought by most firms. Quality as conformity refers to the way in which a product with a given specification is achieved in the production process. The specification itself may be poor, but as long as the product conforms to it, the conformance quality is good. Quality as perceived by the consumer may be very different, even though the product accords with the specification. For example, a product which rapidly becomes obsolete can be produced with precision, but by its very nature the consumer (or client) will not regard it as having good quality. Quality as specification refers to the particular features of a product's design which ensure that the customer will find it satisfactory. A self-cleaning oven, for example, contains a design feature which is likely to provide customer satisfaction.

Salerno (1985) shows that in the majority of cases he studied, quality improvements referred to conformity. The result of this is lower costs and higher profits. In such cases, the use of the term quality has an ideological aspect: it is used as a substitute for profit. While quality is something that concerns everyone - workers, the company and consumers - profit accrues solely to the firm.

Appeals by companies to their workers to produce good quality, together with workers' own pride in their work has ensured that firms manage to increase profits irrespective of whether or not they pass on some of the gains to workers in the form of profit-sharing (or simply increased pay) or to consumers in the form of better product guarantees. A recent study in Rio Grande do Sul (Southern Brazil) by Franzoi, quoted a worker as saying: 'I've always tried to produce good quality. I think that quantity is closely tied in with quality. My work's like that. I try to do things to perfection' (Franzoi 1991: ii).

This statement shows the implicit and unclear relation between quality, profit and pride in one's work. Quality is more than just a reference point for workers as producers, it is also of interest to them as consumers. However it is difficult for Brazilian workers to act as consumers, as we shall show below.

3 THE BRAZILIAN QUALITY AND PRODUCTIVITY PROGRAMME (PBQP)

The PBQP was launched in 1990 shortly after the inauguration of the Collor government. Its principle objective was to stimulate a new industrial development strategy by means of incentives to innovation in the area of enterprise management. The main aims were to change the import-substitution model of industrialization which had been dominant for over 50 years, and to gain the level of competitiveness needed for Brazil to become 'modern' and to 'join the First World'.

The combination of quality and productivity would ensure competitiveness in world markets and, as a result, restore the fortunes of the domestic market. This would, from a neo-liberal perspective,¹ increase demand for labour, incomes, security and health. There seemed to be an ideal integration between competitiveness and the quality of life of the population.

These objectives were to be achieved by means of an effective cooperation between employers and workers 'in all the phases of the production process' as the PBQP proposal puts it. In addition, quality and productivity would depend on the integration of companies with science and technology bodies, the upgrading of human resources and incentives for research and development. The government's appeal was wide-ranging, and it foresaw the raising of awareness and motivation among all sections of society. The government accompanies stimuli for management innovation by plans for the reduction of the State's role in the economy, the opening of domestic markets to international competition through elimination of subsidies and protective barriers, the control of inflation and greater efficiency in Public Administration.

¹ President Collor preferred to define his convictions as 'social-liberal'.

The PBQP was planned by a government which had recently launched the so-called 'Collor Plan' which froze savings accounts, generated recession, and greatly increased unemployment. Almost all sectors of industry were forced to reduce output and many firms were forced into receivership or bankruptcy. The effect of these recessionary policies was to reduce the competitiveness of industry in both domestic and external markets. The economic adjustment promised by the Collor Plan failed to materialize. Inflation remained out of control (averaging over 20 per cent per month for most of 1991/92) and, to cap it all, the Government became involved in scandals about corruption and misuse of public money. These failures seem to rule out any possible success for the quality and productivity programme. The PBQP does, however, deal with fundamental issues which need to be considered seriously. The implantation of the PBQP should consider two questions as central: competitiveness and quality of life.

The level of loss and waste in Brazilian industry is notorious - 40 per cent of industrial production is wasted. The building industry is a clear example. Materials delivered to site and then broken or rendered unusable account for 25-30 per cent of the total. In other words, it takes material sufficient for almost four buildings to construct just three. Such alarming waste increases the final cost of products and is a major obstacle to competitiveness. This grim situation has to be changed, and for this to happen a new path must be taken. All parts of society genuinely must participate in this discussion, and this means that crucial questions like quality must cease to be treated in merely ideological fashion as has been the case so far in discourses on 'change' in Brazil.

4 THE SITUATION IN RIO GRANDE DO SUL

What does it really mean to have a proper discussion on quality and productivity? An answer to this question will be given using the results of the IPEA study. While this study took place in two of Brazil's states, Rio Grande do Sul and São Paulo, only the former will be considered in this article as it is the one in which the authors have most knowledge of the firms studied.

In the draft report of the IPEA project (Fleury and Humphrey 1992), company Human Resource strat-

egies were classified in terms of their approaches to the training and motivation of labour. The report argued that in the companies surveyed, as a result of the need to involve workers in quality and productivity programmes, two not mutually exclusive strategies were used to obtain cooperation and commitment:

- changes in hierarchical structures or occupational structures;
- campaigns to mobilize and involve workers by means of raising awareness.

For the first strategy, companies sought to link quality and productivity programmes with specific policies for promoting and skilling labour. This meant creating career structures providing training and introducing evaluation. All of these changes are linked to the new demands placed on workers by new working practices. The IPEA report characterized this type of innovation as 'highly formalized'. The second strategy involves an emphasis on motivation and appeals to workers to participate in the programmes. Such appeals included visits to client firms, stalls set up to display defective products returned to the factory and campaigns to eliminate waste. These firms were characterized in the IPEA report as being 'highly mobilizing'.

In Rio Grande do Sul, the two strategies were highly correlated. Four firms were weakly formalized and weakly mobilizing. Three firms were highly formalized and highly mobilizing, while one firm occupied an intermediate position on both scales.

The firms who were highly formalized and highly mobilizing, which could be considered to be pursuing an ideal strategy, were precisely the large firms which were leaders in their segment of the market. From a more in-depth analysis of the three firms which were most advanced in the process of innovation, it becomes clear that what has been classified as 'highly formalized' often refers to Human Resource policies which do not alter traditional criteria of evaluation and job classifications.² In some cases, the training programmes of which firms are proud are not extended to the whole of the labour force. One of the firms in the sample provided a clear example of these limitations. When the factory was reorganized into manufacturing cells, jobs were re-

(Franzoi 1991; Rodrigues 1991; Roesch and Antunes 1991).

² It is not possible to go into detail on each of the firms in this paper. They have been studied in other research and the results published

classified to reflect the need for multi-skilling and multi-tasking. Machine operators who constituted half the labour-force came to be called multi-functional operators. Such an operator can use all the equipment in a cell, and job descriptions were based on the complexity of the equipment, knowledge, experience and technical ability. On this basis, three levels of multifunctional operator were defined, and a training and promotion system based on 21 training modules devised. However, detailed studies of the plant have shown that the process of job description and evaluation did not really change. New aspects of work such as team-working, commitment to the firm's objectives, responsibility and initiative were not taken into account. As a result, there was a gulf between the content of the jobs performed by workers and the job descriptions. Even more to the point, recent studies have revealed that the plan for reorganizing occupational structures was never actually put into effect. Work was reorganized, but the change in occupational structures meant to reflect the change was left at the planning stage.

At the same time, these firms have failed to introduce fundamental changes in the labour relations. Such a change would involve:

- team-working and the participation of workers in decisions about work content and how it should be changed;
- stability of employment;
- an equitable pay policy;
- recognition of the union and union organization as a legitimate representative of labour.

In relation to the union question, although quality is an issue of great interest to labour, managements in Brazil seek actively to marginalize unions. It is quite common for firms to see themselves in competition with the union for workers' support, as in the following statement by a manager at the firm described above: 'What would the worker want with the union? As soon as he has the right relationship with the firm, he won't go looking for the union. The firm's already giving everything that he wants' (Rodrigues 1991: 169).

The importance of these points is reinforced by an examination of how other countries which are today dominant in world markets resolve their quality problems. In a comparison of the Japanese, Swedish and Italian models of work organization, Ferreira *et al.* (1991) draw attention to the following points which they have in common:

- highly skilled labour, created by means of school and technical education;
- guarantees of employment;³
- team-working, which requires limited wage differentiation and flexibility in the specification of jobs;
- genuine collective bargaining and means by which agreements can be enforced.

Brazil falls a long way short of these advances, seen in the more successful industrial nations.

Finally, it is important to consider once again the concept of quality which is the basis for the managerial practices analysed in Rio Grande do Sul. A number of managers gave priority to quality as conformance. In one case, for example, a manager stated that he sought process quality rather than product quality because variations in raw materials made the latter impossible to achieve. He argued that better raw materials would make the product more expensive and uncompetitive. This kind of quality may provide profit, but it is of no interest to workers or consumers.

This distinction between quality as conformance and quality as specification by no means exhausts discussion of the issue. It is also legitimate to distinguish between competitive strategies based on price and on quality. Consumers who buy a Rolls Royce tend to buy for quality, while price is a secondary factor. In contrast, a Ford buyer will pay more attention to price. Even so, the latter still expects the car to work properly. Quality as conformance is an important gain for the consumer, and for society as a whole, even when the product is cheap. The important point to make is that in Brazil there is an enormous gap between manufacturers and their

³ As Ferreira *et al.* (1991: 24) point out: '...minimum employment guarantees are not only justified solely on the basis of social justice. From the point of view of productive efficiency they are indispensable

pre-requisites for the establishment of multi-functional workers, flexible production and incremental improvements in the capacity for product and process innovation at plant level'.

customers' needs. Firms need to take the trouble to find out about customer needs and wishes. In the Brazilian case cited above, the choice of low quality raw materials leads directly to low quality for the consumer.⁴

5 CONCLUSIONS

The formalization of labour relations, in the sense used in this article, can in principle result in a professionalization of relations between companies and workers. This could create space for negotiations and respect for labour. However, this would only be possible if firms abandoned their habitual position of seeking changes in production and in work exclusively by increased worker involvement and appeals for workers' cooperation.

An ideological discourse cannot sustain itself without some real changes. Slogans such as 'You Are Our Greatest Asset', 'Wear the Company Colours' and 'We are One Big Family' are well known to

workers. But they are not necessarily translated into changes in practice, nor do workers gain anything in exchange for their involvement and cooperation. Quality and productivity are not obtained solely through formal restructuring of companies. Real changes in internal and external social relations are also necessary. The concepts of quality and productivity need to be revised and recaptured from a political perspective. This implies, among other things, labour's involvement in the discussion. So far, organized labour has been totally excluded from the government's debates on the PBQP in spite of the emphasis on workers' contribution to quality and productivity.

Above all, the concept of quality needs to be enlarged so as to include **quality of life**. This would mean redefining the very model of social and economic development in existence in Brazil. Quality is also a social good which needs to be redistributed to ensure equity.

⁴ The Total Quality Control perspective fuses the two definitions of quality by defining quality in terms of 'meeting the needs of customers'.

Meeting customer needs means providing both the right specification and conformance to it.

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