

A Social Approach for the Successful Settlement of the Company's "Small Group Activity"

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Abstract

Rarely can it be anticipated that such a quality system as "Small group activity" of Japanese companies can be infused and placed as it is into Korean companies without any modification or troubles, as above two nations have developed and furnished their own social and cultural backgrounds. Therefore this study is made by inducing comparative & analytical methods to draw out and suggest the desirable direction which should be pursued by "Small group activity" of Korean companies.

1. Preface

Function and potentiality of the small & medium companies shall not be positioned in the second place considered with their contribution at large into Korean economy. And also it is true that Government set up new policy to stimulate their growth and to vitalize their activity more than ever before to keep pace with the economical turning-point of 1980's.

The long-term plan was launched to boost up the value-added ratio from 35% to 45%, the employment ratio from 48% to 54%, and to increase the capital investment more into the small & medium companies than the large companies; so the investment ratio will be changed from 30:70 to 40:60.

In spite that most of the small & medium companies are holding their own problems, which are in some sense inevitable compared with large companies, such as financial weakness, old production facility, technical inferiority, lack of human & material resources, and managerial inability, they have been remained and brought up with their peculiar characteristics in management.

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In Korea, it can be said that the small & medium companies take charge of the roles such as expansion of employment opportunity, contribution to the local economic growth, the acquisition of foreign currencies, technical development, and cooperation with large companies. And more important role is that they contribute to the well-balanced development of the national economy. But the status in management system is somewhat far from the modernized one, in spite they charge great role and potentiality for the betterment of Korean economy.

The small group activity, as a part to accomplish the T.Q.C. (Total Quality Control), bears also many problems in its practice even though it is really recommendable activity especially for the small & medium companies which have small numbers of employees and warm atmosphere. Therefore, this study aims to draw out and suggest the desirable direction which should be pursued by the small group activity.

2. Status-quo of the domestic small & medium companies

Below Table 1 shows the status of small & medium companies in Korean economy.

Table 1

Classification	No. of Companies	No. of Employees	Consignment price	value-added price
Small & medium Co.	96.6	49.6	32.0	35.2
Large Co.	3.4	50.4	68.0	64.8
Total	100.0	100.0	100.0	100.0

Notice should be given to the fact that an absolute majority is for the number of small & medium companies, but not for the number of employees, consignment price, and value added price.

(1) Smallness in company size

Around 60% of the small & medium companies have their employees below 20 persons. Details are as below;

- from 5 to 19 persons ----- 58.1%
- from 20 to 99 persons ----- 29.7%
- from 100 to 299 persons ----- 8.7%
- from 300 and above ----- 3.5%

(2) Lack of technical man-power

Most of the small & medium companies bears serious problem due to lack of technical man-power as you can see below;

- engineer ----- 1.4%
- technician ----- 0.3%
- qualified workmen ----- 5.9%
- unqualified workmen ----- 91.5%

(3) Separation rate

In case of the manufacturing companies, the monthly separation rate (6%) is very high compared with that (1%) of Japanese companies. Details can be found in below table 2;

Table 2

Total rate in Korean Companies	Average rate in manufac- turing Co.'s	Small & Medium Companies		
		10 - 29 persons	30 - 99 persons	100-299 persons
4.9%	6.0%	6.9%	11.0%	7.2%

(4) Superannuation of facility

It is natural that old-fashioned and worn-out facility lower down the quality and the productivity.

The status is like below;

- good ----- 46.7%
- old-fashioned ----- 32.4%
- worn-out ----- 16.6%
- etc. ----- 4.3%

(5) Inefficiency due to the small quantity production of various kinds

It is inevitable for most of the small & medium companies to depend upon the various kinds of products based on order, so relatively efficiency lowers.

(6) Deficiency of production standard

Management and control are proceeded based on habitual practice and experiences due to the lack of basic data, and also they do not have various kinds of standards.

(7) Lack of Human resources for effective management

Management is somewhat difficult path which requires wisdom with expert knowledge and good personality. In most of the small & medium companies, engineers, who are lacking in managerial philosophy, are picked up as the management, and they only repeats planning & controlling, so it is difficult to expect management to be effective.

3. Hindrances for Improvement

The problems of occupational ethics originated from this highly industrialized society can be described like these; i.e. mutual distrust, severe competitive way of thinking, idleness, regarding labour as a low-levelled job, considering money as a barometer of weighing the value, and etc.

Such occupational ethics caused so many obstacles for the improvement of productivity like below;

- (1) Habitual practice in management based on tact and moderation.
- (2) Trends to neglect the specialty.
- (3) Interest only in the short-term achievement without basic & long-term improvement.
- (4) Weak will to produce quality products with low price.
- (5) Lack of thought to learn.
- (6) Lack of perseverance of the management.
- (7) Overwhelming trends to get an unearned income.

4. Consciousness on quality control

4.1. Consciousness of the top management

In the most of Korean companies, the owner participates into management and the decision making is made by the owner. Also the organization has centralized management system.

Though the owners have a little understanding for the importance of quality control, it can be true enough until now that, as a precondition to improve quality, to increase the concern over quality control of the top management is indispensable, and then quality control is to be propelled under their lead.

For the questions why they adopted quality control system, 17% answered the reason as "to get the Government support", and for the reasons of inactivity, 67% answered as "insufficiency for the result, burden of the expenses, financial difficulty, and business depression".

Followings are the answers from the top management for the questions of their consciousness in various aspects mentioned hereunder;

- (1) What is the main strategy in management for the company's development?

- Technical development -----	31.7%
- Market research -----	27.2%
- Quality control -----	20.4%
- Investment in plant and equipment --	13.6%
- Cultivating men-power -----	6.8%
- etc. -----	0.3%

- (2) What is the important factor in production and sales?

- Quality -----	77.8%
- Price -----	17.2%
- After service -----	4.0%
- etc. -----	1.0%

(3) What is the primary factor for economic growth and development?

- National innovation of consciousness ---- 22.2%
- Improvement of quality and productivity-- 14.2%
- Technical development ----- 10.5%
- Elimination of social absurdities ----- 10.1%

(4) What is the counter-measure for improvement of the will to work?

- Wage-increase ----- 22.3%
- Promotion of autonomous participation --- 22.8%
- Execution of target control system ----- 16.5%
- Betterment of welfare system ----- 11.9%

4.2. Consciousness of the middle-class management

Followings also are the answers from the middle-class management for the questions of their consciousness in various aspects mentioned hereunder;

(1) The degree of satisfaction for the present job

- Trying to be satisfied though having some discontent ----- 44.80%
- Satisfied ----- 36.18%
- Will change the present job if possible ---- 11.19%
- Dis-satisfied ----- 4.89%
- etc. ----- 2.94%

(2) The way to increase productivity

- Changing the way of thinking of the labour --30.96%
- Technical innovation -----24.20%
- Cooperation between capital and labour -----18.65%
- Modernization of facility -----12.39%
- Changing the way of thinking of the top management -----11.89%
- Changing the way of thinking of the consumers-0.87%

(3) Primary factor of inactivity in quality improvement

- Poor understanding of the labour for the technique and losing the opportunities for technique accumulation ----- 56.98%
- Poor understanding on quality control of the top management ----- 14.46%
- Lack of profit sharing system due to quality improvement ----- 11.81%
- Consumers' poor spirit to accuse something wrong ----- 7.25%

(4) Measures to boost up the will to work

- Wage increase ----- 24.82%
- Endowment of power and responsibility ---- 19.48%
- Betterment of welfare system ----- 13.01%
- Positive application of the council of capital & labour ----- 9.32%

4.3. Consciousness of the labour

Followings are the answers from the labour for the questions of their consciousness in various aspects mentioned hereunder;

- (1) The reason to work
- To lead a life ----- 40.5%
 - To stabilize personal life ---- 31.2%
 - To prepare his own enterprise-- 14.1%
 - Well fitted to his aptitude --- 13.7%
- (2) The intention to go on with present job
- Will stay here ----- 50.1%
 - Will transfer to the other company
with better condition ----- 33.5%
 - Cannot make decision now ----- 13.5%
 - Want to quit right now ----- 3.7%
- (3) Main concern
- Reward from work ----- 28.7%
 - Promotion and better treatment--26.4%
 - Company's development ----- 17.0%
 - Guarantee for long-term and
continuous job without discharge --- 13.5%
 - Welfare ----- 11.3%
- (4) Part which should be brought up for the company's
development
- Quality control ----- 24.7%
 - Technical development----- 23.7%
 - Market research ----- 22.5%
 - Investment into plant and equipment-- 14.2%
 - Cultivating men-power ----- 12.7%
- (5) Motive of participation into the small group
activity
- Positive participation for individual and company's
development ----- 52.4%
 - Passive participation by company's policy and
disadvantage from absence ----- 47.6%
5. Comparative analysis of the small group activity
between Korea and Japan

The small group activity was adopted in Japan from the year of 1962, and in Korea from 1974. But in the procedures of development, various kinds of trial and error have been committed due to quantitative flood and formal imitation of that of Japan, and many problems are found around until now even though much effort is concentrated on its settlement into companies.

- (1) What was the motive of the initiation of your small group?

Table 3

Contents	Korea	Japan
By suggestion of the small group promotion Dept.	51.8	5.9
Voluntarily	11.8	7.4
By suggestion of the superior	19.0	12.3

According to the company's policy that "All the members should participate"	4.6	71.0
Stimulated by other small group	3.0	2.0
According to the administrator's order	8.5	0
Other	1.3	1.4

(2) Aims of the small group activities

Table 4

Contents	Korea	Japan
Development of group members	16	12
Improvement and development of a company	47	31
To build a worth-while and happy bright workshop	33	56
No answer	4	1

(3) Rate of attendance of the small group members

Table 5

Rate of attendance (%)	Korea	Japan
0 - 50	43	2
51 - 60	27	4
61 - 70	36	19
71 - 80	57	43
81 - 90	69	121
91 - 100	72	315
No answer	1 (23.6%)	8 (61.5%)
Total	305	505

(4) How active is your small group?

Table 6

Contents	Korea	Japan
Inactive	44.6	10.7
Active	30.8	20.5
Satisfactory	18.0	68.8
Pessimistic	6.6	0

(5) When the small group meeting is held?

Table 7

Classification	Korea	Japan
Within regular work hours	20.8	68.4
Outside regular work hours	79.2	31.6

From the Table 3 to Table 7, too many differences can be found out, so such analysis is drawn out that, in the aspects of aims and contents, the small group activity is now in difficult situation and not rooted until now.

6. Demands from home and abroad for cost reduction and quality development

This section is the analysis for the reasons about import motives, difficulties in trade, and considering to change the import line, from the oversea's buyers.

(1) Import motives of our products

Table 8

goods factor	Light industry goods	Heavy industry goods	average
Price	73.7	72.3	73
Quality	26.3	27.7	27
1) Industrial quality	21.1	18.5	19.9
2) Business quality	5.2	9.2	7.1
Total	100.0	100.0	100.0

(2) Difficulties in trade

Table 9

Industrial quality	37.6
Business quality	62.4
1) delay of claim treatment	14.8
2) shirking of small quantity order	26.8
3) poor after-service	6.7
4) delivery & credit	14.1
Total	100.0

(3) Reasons why they consider to change the import line

Table 10

goods factor	Light industry goods	Heavy industry goods	average
Price	48.4	45.0	46.7
Quality	51.6	55.0	53.3
1) Industrial quality	19.4	15.0	17.2
2) Business quality	32.2	40.0	36.1
Total	100.0	100.0	100.0

Even though the exported goods are estimated high in their industrial quality compared with export price, but totally they are estimated somewhat low because they are not so good in business quality.

Therefore, to grade up the quality of export goods, the small group activities in companies are highly needed for the continuous improvement of industrial quality and reformation of business quality.

Table 11 and Table 12 show the yearly estimation from buyers for quality and price.

(4) Quality

Table 11

year estimation	1979	1980	1981	1982
good	25.6	17.0	14.3	19.4
normal	57.6	68.9	74.1	70.5
poor	16.8	14.1	11.6	10.1
Total	100.0	100.0	100.0	100.0

(5) Price

Table 12

year estimation	1979	1980	1981	1982
somewhat expensive	47.5	60.4	14.1	46.7
normal	38.7	32.5	45.7	39.5
low	13.8	7.1	13.2	13.8
Total	100.0	100.0	100.0	100.0

Quality level changes as years go by, but the peoples are not in a stage to be satisfied with until now. And the price is increased on the other hand. Therefore, for better quality and cost down, we can say that the small group activity is needed.

7. The desirable way of thinking for the labour and human-oriented management

The Small group are the organized combination of mutual relationship made in industrial societies and of course they should be based on the traditional culture and way of thinking of the country.

And the harmonious combination between the desirable way of thinking of the labourers and human oriented management of the top management can be an effective method to vitalize small group activities in an organization.

Following can be the ways of thinking that the labourers should be equipped with;

- (1) Establishment of subjectivity
- (2) Settlement of practical ethics
- (3) Display of speciality

On the other hand, human oriented management can be achieved through the implementation of the following 3 crucial ways;

- (1) A way to make the environment for easier creating of employee's originality and ingenuity by themselves under joyful atmosphere.
- (2) A way to inject into every labourer's mind the concept of participationship for better management.
- (3) A way to carry this concept into effective achievement under the appropriate environment by every employees.

8. The desirable direction which should be pursued by the small group activity

It can be said for the Korean people that general way of thinking has been formed with social and cultural backgrounds such as industrial structure based on agriculture, class discrimination, economical poverty, thought of nature worship, confucianism, and buddhism. And then the characteristics can be classified as family consciousness, authoritarianism, group psychology, and sympathy.

Even though they are somewhat changed by the sudden impact of foreign culture since the second World War, the cores are still remained as unchanged and dominate the way of thinking of the Korean people. But it would not be so difficult to imagine the conflicts between the human factors due to their differences in the ways of thinking.

Therefore the small group activity should be proceeded with the study of the structural conditions of the society, and then by breaking through the rigidity in their view the activity would succeed.

If there are some structural contradictions, understanding from the top management would be the solution, and more essential is the positive attitude to lead the small group activity into the individual development and respect of human nature.

Therefore, followings would be the desirable directions for the successful settlement of the company's small group activity.

- (1) To help the top management to understand T.Q.C. and let him lead the activity.
- (2) With modest attitudes, the top and middle management should try to achieve individual and mutual development.
- (3) To pour efforts in education and discipline.
- (4) To propel with long and short term plans, and do not expect the fruitful result within a short period.
- (5) To let the management consider the job site first.

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