QUALITY LOCAL GOVERNMENT

THE IMPLEMENTATION AND APPLICATION
OF QUALITY STRATEGIES IN ROTORUA
DISTRICT COUNCIL.

A CASE STUDY.

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Mijo N.J. Katavic

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Acknowledgement.

Abstract

This report is a critical analysis of Quality Initiatives, which have been implemented by the Rotorua District Council. It covers Total Quality Management theories and frameworks, which have been developed within the framework of existing literature and publications, both in New Zealand and on the international scene.

The purpose of this research is to define the term Quality, and its relevance in respect to Territorial Local Authorities in New Zealand. The author intends to ultimately provide Rotorua District Council with an integrated approach to lead the organisation down a path of Quality, and in so doing address both legislative and community requirements and needs. The research proposes a conceptual framework and process superstructure for enacting Theme F of the organisation's strategic framework (Appendix A).

In order to achieve the above, the case study method has been adopted, while the literature of quality management theory, and quality management within public sector organisations, was used as the framework for analysis and discussion.

Examples of quality initiatives undertaken at the Rotorua District Council are critically analysed, including additional information that was collated using informal interviews of existing staff to supplement the study.

The relevance of legislative requirements is also discussed, using the new Local Government Act 2002 as the major cornerstone to emphasise the requirement of Local Government to follow the quality path.

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1.0 INTRODUCTION.

> "*Government, even in its best state, is but a necessary evil; in its worst state, an intolerable one.*"

Thomas Paine, 1776 cited in MacDonald, (1994)

1.1 QUALITY IN LOCAL GOVERNMENT.

Territorial local authorities employ in excess of 40 000 New Zealanders, and are under close scrutiny by the public. The effectiveness of this sector is crucial to the communities that it represents, and is in great need of improvement. Territorial local authorities must be responsive to citizens' needs and expectations. While this sector is aware of such necessary improvements, and the potential offered by TQM, most territorial local authorities do not know how to implement such practices and philosophies. Through central government legislation, Local Authorities both in New Zealand and internationally, have been required to be increasingly accountable to the localities in which they exist, and also proactive by improving the physical and economic environment, and more recently, the cultural and social environment of the local community.

In addition to this external political pressure, the emergence of quality as a management philosophy in the latter part of the twentieth century has, in itself, created a number of concepts of "excellence", "value", and "exceeding customer expectations".

Quality initiatives within the Local Government sector in New Zealand have reflected earlier initiatives within the private sector. That is, the majority have

remained with the original concepts of quality inspection, rather than continuous improvement or Total Quality Management (TQM) as an organisation wide philosophy.

Over the past decade, Quality Management has caught the attention of organisations in every business sector, including manufacturing, the private sector, education, health, and territorial local authorities. The organisations that have embarked on the journey toward quality have travelled predictable routes, and encountered typical problems, all of which is documented in academic literature cited later in this research.

Much that is written about quality and TQM relates either implicitly or explicitly, to the private sector, and, in particular, to the manufacturing industry. To some extent this is understandable given that most models of TQM are drawn from manufacturing, and many tools and techniques have a specific resonance with the processes practised there (Wilkinson, Redman, Snape & Marchington, 1998).

However the object of this research is to demonstrate that TQM has as much relevance to the public sector as it has to the private, and has the potential for use in local government to improve the way in which local government delivers its services to its community and citizens.

The set of Quality principles, tools, and procedures that provide guidance in the practical affairs of running an organisation (Maas, 1995), have even more relevance to Local Government in New Zealand with the introduction of the Local Government Act 2002. Specific details of the Act will be covered more comprehensively in Section 3.1.

1.2   THE PURPOSE OF THE RESEARCH.

The purpose of this research is to critically examine past Quality initiatives undertaken at Rotorua District Council (RDC), in relation to Quality teachings, and experiences in other organisations, both nationally and internationally, while analysing the relevance of Quality initiatives for territorial local authorities. The findings of this research will be compared to current teachings and academic papers researched during the literature review phase of the thesis.

Territorial Local Authorities (TLA) generally have a commitment to quality in the delivery of their services to their communities. With the introduction of the Local Government Act 2002, the focus of quality has been strengthened with its numerous references to process control. One of the principles relating to Local Government contained in Section 14g states " *a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interest of its district or region"* (New Zealand local Government Act, 2002, p. 21).

Specifically, RDC has a strategic framework in place (Appendix A) containing 6 key themes. Theme F, refers *to "an efficient and responsive organisation",* with the following goals (desired outcomes) :

- An organisation with inspiring, competent *leadership* and clear direction.
- An organisation that does the *"right things right"* and continues to improve.
- An organisation with *motivated and productive staff* who enjoy their work.
- An organisation that excels in fulfilling its *statutory and financial duties.*

(Rotorua District Council, 2003, p26).

Theme F will become the cornerstone and reference point for this research, as a basis to further develop a Quality Improvement Strategy for RDC.

The second part of the research will pave the way to further move RDC down the Quality path, and, in doing so, better address legislative requirements, improve organisational performance, and deliver more efficient, effective and relevant services to its community.

1.3 THE RESEARCH APPROACH.

The framework of this case study is broken into three distinct phases, and is represented in the diagram below.
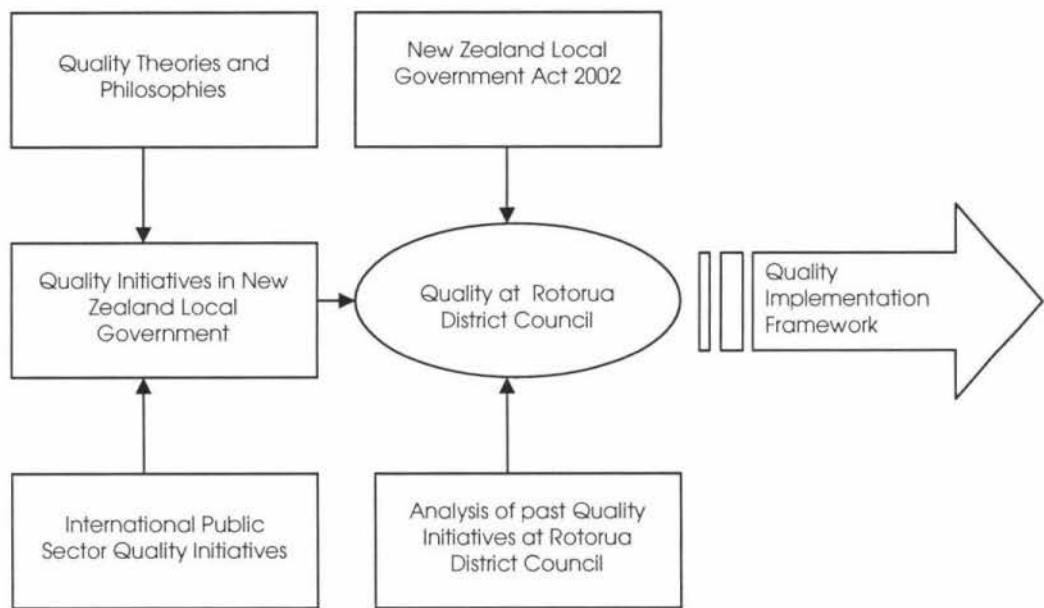
Figure 1. Case Study Framework.
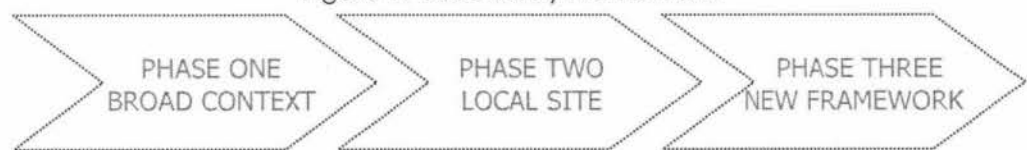
PHASE ONE – LITERATURE REVIEW

The first phase assesses Quality initiatives within the public sector, and particularly local government, both in New Zealand and internationally. This assessment includes discussion of the relevance of TQM and other initiatives,

with particular reference to the new Local Government Act introduced in December 2002.

A considerable amount of research has been undertaken and literature published with regard to public sector performance and the implementation of quality strategies, some of which is included throughout this thesis.

Unfortunately, when specifically researching local government, the volume of available literature drops significantly, resulting in a lack of specific examples of New Zealand experiences. This dichotomy between international and local examples bears a direct relationship to quality initiatives undertaken in New Zealand compared to initiatives taken by its international counterparts. For a number of reasons including legislative requirements and the general adoption of quality principles, New Zealand is following its international peers, as opposed to leading the Quality revolution.

The basis of the initial research was provided by Internet sources from the World Wide Web, and, in particular local government and related sites in both the United Kingdom and the United States of America. Further generic texts on Quality and Quality in the Public Sector were obtained from the Massey Library, all of which are acknowledged throughout this research.

To supplement these, a number of additional reports and papers were obtained from various local authorities and other industry related sources, together with a number of pertinent journal articles obtained from industry or Quality related publications.

Further to this, a number of key documents were viewed and cited as part of this study, which included the following;
- Local Authority Annual Plans
- Local Authority Strategic Reports

- Local Authority Annual Reports
- Community Surveys
- Acts of Parliament

PHASE TWO – ROTORUA DISTRICT COUNCIL – THE LOCAL EXPERIENCE

The second phase of the study involves the critical analysis of quality initiatives undertaken at the RDC over the past decade or more. In particular the following quality initiatives form the basis of the research:

- TQM initiatives in the early 1990s
- Castlecorp ISO Certification 1998
- Fleet ISO Certifcation Project 2002
- Footpath & Verge Maintenance Improvement Project 2002
- Human Resources Project 2002

Within each of these projects, a number of research techniques and quality tools were used as part of the planning and implementation phases. The use of these tools, and the outcomes of the projects, are critically evaluated and discussed in terms of their appropriateness and effectiveness with respect to the organisation as a whole. Reflection will include discussion on barriers against the success of the projects, as well as the influence of the organisational culture on these types of initiatives. Findings are reported to complement the theoretical framework outlined within this phase as well as the previous discussion in the Literature Review section.

Traditional academic research has centred on two approaches, positivism and naturalism. Positivism assumes the existence of a real world that exists independent of people's perceptions; it utilises qualitative techniques that measure and describe that real world. Naturalism utilises qualitative techniques based on understanding the social world. However, for this

second phase of the study, the basis of research will be conducted using action research to explore the issues regarding the implementation of quality initiatives at RDC. Action research means action, both of the system under consideration, and of the people involved in that system (McNiff, 1992). Action Research has been described as *"a form of self reflective enquiry undertaken by participants in social situations in order to improve their understanding of the practices and the situations where the practices are carried out"* (Carr and Kemmis, 1986 p.162). Action research differs from the two main research paradigms that are based on observation and description, which is used within the next section of data analysis undertaken as part of the informal interviews. In contrast, action research is concerned with bringing about improvement in practice (Allan, 1998), in this case, quality improvement strategies at RDC.

PHASE THREE – A QUALITY FUTURE FOR ROTORUA DISTRICT COUNCIL

The third and final phase of the study intends to broaden the understanding of Quality initiatives within Territorial Local Authorities, specifically in the context of RDC, by providing a framework for implementation of Quality systems. It is envisaged that this phase of the study will provide a path ahead, using a systematic approach based on reflection on the lessons of the past. It is hoped that the study will provide a modest contribution towards the practical aspects and writings of TQM implementation within Territorial Local Authorities in New Zealand. More importantly for RDC, this research intends to synthesise past quality efforts into a process superstructure to provide the authority with a Quality Management strategy. This will co-ordinate the organisation's collective efforts into a coherent vision of the organisation's future profile.

1.4   DATA COLLECTION AND ANALYSIS.

This research contains analysis of two forms of data.

Firstly, the Quality projects undertaken as outlined in previous sections, will be critically reviewed and reported as to their relative effectiveness and success or failure. Investigation into the causes of the resulting success or failure will be discussed in order to assist in the establishment of a Quality framework, which will identify and pre-empt any obstacles in the future.

Secondly, a selection of semi structured interviews were conducted with a variety of the organisation's staff to determine their perspectives on the following two items, both of which supplement the analysis of Quality at RDC.

1. Establish the overall opinion and definition of Quality at RDC.
2. Determine the scale of use of Quality Tools and Techniques within the organisation, their relative success, and possible causes of success or failure.

The purpose of the survey was to obtain quantitative data to complement the qualitative data, and to confirm the conceptual model from the perspective of employees and managers within the organisation.

The selected staff form a representative sample of the organisation as detailed in the following table.

GROUP	No.
Middle / Senior Managers	15
Staff who were Project Participants	8
Independent Staff	8
Total Interviewees	31
Percentage of Salaried Staff	8%

Table 1. Interviewee Sample.

Informal interviews have been specifically selected as opposed to formal questionnaires, in order to better respond to participants, encourage their participation through prompting with relevant options where required, and also to gain an appreciation of the true feeling behind responses, rather than merely analysing written responses on a questionnaire. This gave the author the opportunity to clarify responses while establishing rapport, thereby enhancing the motivation of the respondents. Another key advantage of using the face to face interview method, is that it enabled the writer to identify non-verbal cues from the respondent (Sekaran, 2000).

1.5 ETHICAL CONSIDERATIONS.

In the context of this research, ethics refers to the code of conduct or expected societal norm of behaviour while conducting research (Sekaran, 2000). In accordance with the Massey University Human Ethics Committee checklist for research involving human participants, section A of the MUHEC application form was completed for noting by the committee. All respondents were first sent an explanatory email outlining the research, and requesting their positive reply to the email to confirm their willingness to participate in the research. Once replies were received, all participants were given the information sheet (Appendix B) and the protocol for participation, together with a consent form to be completed and returned prior to participation in the interview.

1.6 LIMITATIONS OF THE STUDY.

The aim of all territorial local authorities is to satisfy certain needs of the community within the constraints of available budgets. The definition of these needs is a political question, and is therefore not considered within the remit

of this paper. Full political support in principal by elected officials is required for any quality initiative to be a success, and for the Chief Executive to have the mandate to commit resources to the project and ongoing improvements. However, needs analysis, based on budgetary priorities within the overall community, has not been discussed within the research.

Similarly, financial considerations are not covered extensively within this report, as the focus of this research is for the management and elected officials to adopt the principles of Quality management as a philosophy. In doing so, the proposed plan will move the organisation into the future by fully implementing the RDC strategic framework while addressing a number of requirements of the Local Government Act 2002. At the conclusion of this paper, a supplementary paper is recommended by the writer to detail any financial implications of any such venture.

Finally, while the writer has documented a number of quality improvement projects previously implemented by the organisation, a number of smaller, but equally important projects, have been undertaken with varying levels of success. Their absence from the research should not be interpreted as a reflection of their success or failure in achieving their respective goals. Due to staff turnover, availability of data, and time constraints, the writer has excluded these projects from analysis within the research. The research contained in this report was based on projects with well-documented information and results, together with the availability of participants, the participants' in-depth knowledge of the project, and the relative outcomes.

1.7   SECTOR PROFILE AND RESEARCH SITE.

There are a total of 86 councils in New Zealand, comprising 1152 elected councillors representing 12 regional councils and 74 territorial local authorities. Of the territorial local authorities, 15 are city councils and 59 are district councils. Together Local Government;

- Contributes 3.5% of gross domestic product.

- Has an annual operating expenditure of $3 billion.

- Has an annual capital expenditure of $800 million.

- Contributes 40 000 jobs.

(Local Government New Zealand, 2003)

Local government is a creature of statute, but is autonomous and accountable to its communities. The aims of territorial local authorities are to satisfy certain needs within the constraints of available budgets. Territorial local authorities in New Zealand have fewer functions than many of their counterparts overseas. While responsibility for infrastructural services such as water and wastewater is common in most OECD countries, territorial local authorities also tend to have primary responsibility for services such as health and education (Rosson, Griffin, & Blakeley, 2000). New Zealand local government has, at this stage, very little involvement in social services.

The functions of regional Councils are:

- Biosecurity

- Catchment control

- Harbour administration

- Regional civil defence

- Regional land transport planning and co-ordination

- Regional hazardous waste disposal

- Resource management

The functions of territorial local authorities are:

- Community well being and development

- Environmental health and safety, including building control, civil defence, noise control and liquor licensing

- Infrastructure, including roading, water, wastewater and drainage

- Recreation and culture

- Resource management, including land planning and development control

(Local Government New Zealand, 1999, p.18).

The Rotorua District Council is a Territorial Local Authority (TLA) in the central North Island of New Zealand, and services a number of small farming, forestry, and lakeside communities, in addition to its urban areas (Appendix C). Rotorua is considered to be a tourist icon due to its geological and cultural influences. The local environment encompasses 14 lakes, active geothermal areas and with a 2001 population count of 64,473, ranks 6th in size of New Zealand's 60 districts, and 16th in size of New Zealand's 74 cities. The Local Authority has a total staff of 460, 25% are wageworkers, and 75% are salaried staff, with a total annual turnover of $58 million (Rotorua District Council, 2003).

The organisation provides the following services to the community:

- Governance and Social Policy.
- Water Supply and Wastewater Services.
- Inspectorate Services (Animal Control, Building, Parking Enforcement).
- Refuse Collection, Solid Waste, Roading and Land Drainage.
- Recreation and Community Services. (Parks, Library, Museum)
- Economic Development.
- Tourism, Marketing and Conference Facilities.

To provide support to the above areas, the Corporate Services department supplies services to internal customers in the areas of Finance, Human Resources, Information Technology and Information Management.

A more detailed breakdown of the services provided can be found in Appendix D : Rotorua District Council Management Structure.

The work force embodies a variety of skills in order to cover the diverse nature of the organisation. From tradesmen Plumbers and Engineers, to Accountants, Policy Advisors and Resource Planners, the employees are also diverse in respect of levels of education and socio-economic background. This melting pot of employees results in an interesting and unique organisational culture, which ultimately affects any Quality ventures.

2.0 LITERATURE REVIEW.

This chapter contains a review of Quality Management theory, including writings and case studies of the application of such theory to public sector organisations, including territorial local authorities.

This literature review focuses on five primary areas:

- Firstly, a definition of Quality, including a brief history of the Quality concept and TQM philosophy.
- The relevance of Quality Management to the public sector, and the experiences of TQM endeavours in this sector.
- Quality initiatives in territorial local authorities internationally, their formation, development, and success.
- Quality Initiatives within Local Government in New Zealand, their success, and the impact of the international experience on the New Zealand scene.
- The relevance of Quality Management to Local Government in New Zealand.

There has been a considerable amount of research and theory development in the area of TQM as a philosophy. However, when focussing on territorial local authorities, the quality teachings and research papers reduce dramatically, particularly when citing New Zealand examples. Although this research report is specifically designed for New Zealand Local Government, the lessons learnt in other government or state departments offers useful information which can be applied to Quality Programs for territorial local authorities in this country.

2.1 QUALITY DEFINED.

Quality Management has evolved through many phases since industrial organisations first addressed the issue of Quality over one hundred years ago. Before looking at Quality in the context of the public sector or territorial local authorities, this section aims to provide a brief account of the development and evolution of quality as a management philosophy. Against this overview of Quality Management, a definition or philosophical perspective of a purpose built quality definition, specifically tailored to the requirements of territorial local authorities, will be presented.

The word quality means a number of things to people, and can be likened to the word "beauty", in that it is indeed in the eye of the beholder. A study of 86 firms in the USA asking respondents to define the word "quality" produced the following list (Evans & Dean, 2003).

1. Perfection

2. Consistency

3. Eliminating waste

4. Speed of delivery

5. Compliance with Policies and Procedures

6. Providing a good usable product

7. Doing it right the first time

8. Delighting or pleasing customers

9. Total customer satisfaction

Research contained in the latter part of this report, asks the same question of staff at RDC, and will confirm the above findings, namely that there is little agreement on what constitutes quality, despite what the dictionary may

suggest. However, this lack of a singular definition does not detract from the importance of Quality in today's business world. Perhaps the most amusing description of Quality is the following by Phillip Cosby (cited in Houston, 1997, Unit 2, p.20)

"Quality has much in common with sex.
Everyone is for it (under certain conditions of course).
Everyone feels they understand it (even though they wouldn't want to explain it).
Everyone thinks execution is only a matter of following inclinations (After all, we get along somehow).
And, of course, most people feel that all problems in these areas are caused by other people (if only they would take the time to do things right)."

If Quality is important, so too are the people who propound it. The Quality Gurus including Deming, Juran, Ishikawa and Crosby, have made the most impact on Quality Thinking. Their messages are relevant to Territorial Local Authorities, but need to be put into context, so that an organisation specific quality system is developed, as opposed to relying naively on one guru's teachings (Department of Trade & Industry UK, 1998). Each guru has worked in different situations, differing eras, and, as a result have influenced the way their ideas have developed (Flood, 1993). Consequently, they have contributed a diversity of philosophies.

To better understand the concept of total quality, the following section outlines how managerial approaches to quality have evolved from a narrow simplistic view, focussed on inspection and conformance to standards, to the broader view of an integrated organisational strategy for providing superior quality customer services.

The four eras of quality, each of which builds on its predecessors, are best presented in the following table.

Characteristics	Inspection	Statistical Quality Control	Quality Assurance	Strategic Quality Management
Date of Inception	(1800s)	(1930s)	(1950s)	(1980s)
Primary Concern	Detection	Control	Co-ordination	Strategic Impact
View Of Quality	Problem to be solved	Problem to be solved	Problem to be solved but attacked proactively	A competitive opportunity
Emphasis	Product Uniformity	Product uniformity with reduced inspection	Entire production chain from design to market and contribution by all functional groups preventing quality failures	Market and consumer needs
Methods	Gauging and Measurement	Statistical tools and techniques	Programmes and systems	Strategic planning, goal setting, and mobilising the organisation
Role of Quality Professional	Inspection, sorting counting and grading	Troubleshooting and the application of statistical methods	Quality Measurement, quality planning and programme design	Goal setting, training, consultative work with other departments and programme design
Who has responsibility for Quality	Inspection Department	Manufacturing and Engineering	All departments although top management only peripherally involved in design, planning, and executing quality policies	Everyone in the organisation, with top management exercising strong leadership
Orientation and approach	"Inspects In" Quality	"Controls In" Quality	"Build In" Quality	"Manages In" Quality

Garvin cited in Bounds, 1994.p47

From early times Quality management systems have been in place when Egyptians used inspection based quality systems to examine, measure and test to a standard. The basis of this type of system was that poor quality products would be identified, segregated, reworked if possible, or discarded (Kanji & Asher, 1993). This continued in the 1800s, when mass production and increased specialisation required more formal inspection systems.

The next era began in the 1930s, when quality control came into being. In addition to the above, control systems using documentation and product testing became ways of improving the quality of products produced. W. A. Shewhart recognised that variability was a key concern in any production process (Yong & Wilkinson, 2002), and consequently developed statistical control techniques.

Quality Assurance formed the third stage, where the focus was shifted to preventing defects, rather than detection and firefighting. At this time, the development of systems quality began, and organisations set systems in place for controlling products, including such tools as auditing, quality manuals, quality planning, and advanced document control. Standards based systems such as ISO9000 were developed, enabling companies to assure their customers of their adherence to a comprehensive quality management system.

The most recent era is that of Strategic Quality Management, which has incorporated elements of each of the previous eras. This era has marked a new paradigm for management, where a number of developments have been brought together and reconfigured into a new approach to management. It is in this era that the term TQM, or Total Quality Management, is first used. Just as the definition of Quality means different things to different people, so too does TQM, however, the concept of TQM is underlined by key themes including understanding customer needs, formulating strategies to deliver value to customers, and continuously improving organisational systems and processes to provide value (Bounds, Yorks, Adams & Ranney, 1994).

As with the concept of Quality, the ISO9000 family of standards covering Quality Management systems have also gone through a period of change. The major changes in the ISO9000:2000 family of standards, compared with the previous ISO9002 standard, relate to the use of customer feedback to drive continuous improvement, and an understanding of business processes, as opposed to low level operational procedures (AS/NZS ISO 9004, 2000).

According to Section 4.3 of ISO9004: 2000, "Use of Quality Management Principles", the international standard is based on eight quality management

principles which have been developed to lead organisations towards improved performance, and, as such, provide a useful guide for RDC.

The eight core principles are;

1. Customer Focus
2. Leadership.
3. Involvement of People.
4. Process Approach.
5. System Approach to Management.
6. Continual Improvement.
7. Factual Approach to Decision Making.
8. Mutually Beneficial Supplier Relationships.

(AS/NZS ISO 9004, 2000, p.4).

Today, the concept of Total Quality Management (TQM) requires a comprehensive organisation-wide effort to continuously improve the quality of products and services (Evans & Dean, 2003). This cohesive frame of reference will form the guiding definition of Quality Improvement for the purpose of this research report.

As such it is envisaged that by adopting the requirements similar to the aforementioned standards, the organisation will work within the following principles.

- Focus on delighting the customer.

- Continually seek to improve processes.

- Make decisions based on facts.

- Involve the entire workforce in improving quality.

- Management Leadership.

Experience indicates that organisations that make these principles part of their culture are likely to gain some, if not all, of the following benefits;

- Increased quality and productivity.

- Increased job satisfaction and improved morale.

- Better decision-making.

- Better problem identification and solving.

- Reduced stress and better use of skills.

- More effective communication.

- Increased commitment to organisational goals.

- Improved team building.

- Increased process understanding.

- Greater acceptance of change.

(Scheung & Christopher, 1993).

These resulting benefits set the scene and provide the justification in embarking on a path of continuous improvement in territorial local authorities, and specifically for RDC.

2.2 QUALITY MANAGEMENT IN THE PUBLIC SECTOR.

The following texts relate to the public sector in general, and, as such, focus on service providers such as schools, health care, police and other government departments. The lessons learnt, and their applicability, is still relevant to municipal governments. Often the structure and organisational cultures in local government are similar to their counterparts in state government areas. This is due to several factors, including the requirement for transparency, the existence of rules and statutory requirements not found in the private sector, and the relationship with elected officials. In this respect, the application of Quality techniques in either state or local government has peculiarities that do not exist in the private sector.

Morgan & Murgatroyd (1994) provide a brief summary of the key concepts of TQM, as well as critically presenting their relevance and fit to the public sector.

Of importance to this research is that the publication concludes that the core concepts of TQM are equally valid in the public sector as elsewhere, while some adaptations of the techniques need to be made for successful implementation in the public sector. This same adaptation of techniques will also be proposed later in this report as the path forward for RDC.

Within the public sector, the concept of the customer is more problematic in respect of the identification of who the customer is, the same problem being faced in territorial local authorities. There is also a difference in the service encounter, where, unlike the private sector, the customer does not hand money over in exchange for a service. The customer has a status as citizen, or user of the service, and monies are levied as taxes or rates (Morgan & Murgatroyd, 1994).

Secondly, the absence of market pressures, or the fact that public sector provisions are traditionally supplier monopolies, is also cited as a factor that may undermine the application of TQM principles in the public sector. However, Morgan & Murgatroyd argue that the absence of a market does not prevent the service provider from enhancing the process involved in providing the service so as to minimise waste and reduce costs. Indeed this report will confirm that developing quality strategies in local government can, and will, lead to cost reductions.

The text also argues that the nature of the public sector is inimical to the reception of TQM applications due to the following perceptions;

The public sector is resistant to change.

This was based on research carried out by Rosemary Stewart (1992), where case studies conducted in the United Kingdom and the European Union found that middle managers in the public sector were more resistant to change than in other industries. The writer believes that the amount of change in the New Zealand public sector over the last fifteen years is probably sufficient to discount this data from applying to the New Zealand Public Sector. Laing, (2001) confirms that New Zealand Local government will continue to experience an ongoing rate of change that will be driven by economies of scale, social trends, changing technology, the ability of citizens to pay for services, and partnership and devolution of services from central government.

Resourcing is disconnected from performance.

This argument is still valid in the context of New Zealand Local Government. Its basis is that payments to public service institutions are not a reflection of their performance, they are paid purely on budget allocation based on their annual rate take.

Managers rewards are not performance based.

Specifically for many Local Government organisations, and particularly RDC, this is no longer the case. Unlike the past when pay was based on seniority classification systems, a portion of all present-day workers, pay is performance based. Appendix E contains section 4.3 of the Rotorua District Council Human Resource Manual detailing how the pay for performance scheme operates.

Public sector managers are not as free to act as those in the private sector.

The above statement holds true for New Zealand Local Authorities, as the Chief Executive of a Local Authority will never be able to act as freely as his counterpart in the private sector.

At the centre of the local government reforms in the late 1980s was the clarification of the roles of the appointed Chief Executive on one hand, and the elected officials on the other. Essentially, the legislation attempted to decouple the elected council from the day to day management of the authority (Boston, Martin, Pallot & Walsh, 1996).

Although these sweeping changes to Local Government legislation placed the employer responsibilities squarely with the Chief Executive, the potential for political influence still exists within all territorial local authorities.

There is a multitude of professional specialists.

This point is certainly evident in New Zealand Local Government as with other public sector organisations. That is, there are a number of professional groups who are protective and assertive, and this does not assist with the cross-functional co-operation, which TQM requires. RDC has approximately 500 employees separated into four departments, all of which, at some stage fall prey to operating within their departmental silo mentality. This will be examined further as a potential barrier to a Quality Improvement Programme.

The text suggests that there are a number of concepts and tools that can be applied to both the private and public sector, while some concepts may prove more problematic, and as such may require some translation before they can be applied to the public sector.

Similarly Starling (1998) argues that TQM can be adapted to the public sector, and observes' that the number of states and localities involved in TQM in the USA now number in the hundreds, as opposed to the dozens.

Koehler and Pankowski have also published two texts on Quality in the public sector. Their first book contained a detailed approach to their implementation of a TQM strategy for the US Department of Labour (Koehler & Panowski, 1996a).

Their second book is based on process improvement teams within government agencies (Koehler & Panowski, 1996b). The book describes each step in the process of team development, which acts as a guide for making continual improvements in a team based organisation. Some of the techniques described within these two texts have been utilised in the projects described later in this report, and will contribute to the development of a Quality Improvement Strategy for RDC.

The texts quoted above have all examined Quality in public sector management in the USA, Canada and Great Britain. Boston et al (1996) view the TQM approach to organisational design as a strong commitment to employee development, while stating that the extent to which TQM practises exist within New Zealand Government departments is not known. Their small offering (one page) on Quality seems to confirm the writings of McKean and Houston (2000), who state that *"Deming Style Quality Management in New Zealand has been implicitly rejected by senior management and by government."* The paper discusses the contradictory approach by government services in the mid 1980s, where the TQM philosophy was introduced, at the same time of cost cutting and downsizing. This approach in central government was mirrored in territorial local authorities where major change was being introduced at the same time as TQM philosophies were being promoted. By contrast to the United States Scott (2001), agrees that the techniques of Quality Management are only haphazardly applied to New Zealand Government.

2.3 INTERNATIONAL QUALITY INITIATIVES IN LOCAL GOVERNMENT.

No specific texts on Quality in Local Government were found during this literature search. However, a number of journals, reports and internet sources contain a large volume of research based specifically on local government, particularly within Europe, the United Kingdom, Canada and the United States of America. Supplementing these are case studies of specific projects within local government that are contained in generic Quality Improvement and TQM texts.

The amount of literature reflects the drive by central governments, and the importance placed on Quality Management within the aforementioned countries. This being the case, the next section on the New Zealand Experience is meagre, reflecting the brief associations with such philosophies during the mid 1980s to 1990s (McKean & Houston, 2000).

In the United States, an early pioneer of Quality in Local Government was Joe Sensenbrenner, who, from 1983 to 1989, while Mayor of the City of Madison, became the first public official in the United States to adopt and implement TQM on a city wide basis. In 1988 he was named one of the "Ten most influential figures in the Quality Movement" by the Quality Review (Sensenbrenner, 1994).

One of Sensenbrenner's 35 original Quality Projects at Madison was Brush Collection, where teams determined a more cost-effective method of Brush Collection. Interestingly, this case, and the techniques used, formed the basis as a case study for RDCs first entry into Quality Management in the early 1990s. Appendix F contains the introduction to the New Water Connection Project 1991, which specifically refers to the Brush Collection Project.

Sensenbrenner's work found common themes to be problematic when applying quality techniques to territorial local authorities. They included;

- Autonomous departments being the virtual essence of government.
- Continuous improvement when government invented the status quo.
- Chronic service failures where causes were well known, but never rectified.
- Managers who could not tolerate the idea of bringing their employees into the decision making process.
- Employees who scorned the project as faddish.
- Cynics who tried to package the project for their pet projects.
- Sceptical management.

(Sensenbrenner, 1991).

Following the private sector, both Federal and Local Government in the United States continued down the path of Quality through the 1990s and into 2000.

Bill Clinton, the then governor of Arkansas, made the following statement in his Putting People First economic plan in 1992.

"It is time to radically change the way government operates, to shift from top down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up. Quality management has an important role to play in the evolution of government philosophy and practice I call for in my Presidential platform" (Clinton, 1992).

This contrasting approach outlined by Clinton identified his philosophy of bringing quality management practises to government, which differed from the thrust of reform in many other countries that had more in common with New Zealand, Australian and British models (Scott, 2001).

With such strong views from senior government officials in the United States, Quality in the public sector, including territorial local authorities, has spread

dramatically with the number of authorities participating in quality schemes increasing at an unprecedented rate (Starling, 1998).

This has led to the establishment of a special branch of the American Society for Quality, namely the government division. In 1987, a group of state and local government employees created an informal network to discuss and promote the use of TQM principles in the public sector. Within five years the group grew to over 1300 members nation-wide, and became the Public Sector Quality Improvement Network, finally joining the ASQ in 1993. This organisation provides a number of valuable resources and articles on Quality Management experiences in local government in the US, which will be cited throughout this report.

In Europe, a number of territorial local authorities have also begun applying the fundamental concepts of quality. Again, this has been driven from a higher level through the introduction of a Common Assessment Framework (CAF), which has been developed under the authority of the Directors General of Public Administration of the European Union. The CAF is a self-assessment tool based on the European Excellence Model, allowing public sector organisations to identify their strengths and areas for improvement. It is designed for public sector organisations to use quality management techniques to improve performance. The CAF has four main purposes:

1. To capture the unique features of a public sector organisation.
2. To serve as a tool for public administrators who want to improve the performance of their organisation.
3. To act as a bridge across the various models used in quality management.
4. To facilitate benchmarking between public sector organisations.

(European Institute of Public Administration, 2003).

By far the leader in Local Government Quality Initiatives is the United Kingdom, again driven by central government and its legislation.

The legislative drive by the United Kingdom government began in 1992 with the introduction of the Citizens Charter which contained four main themes

1. Improving the Quality of Public Services.
2. Increasing Choice for consumers.
3. Setting standards for Services.
4. Ensuring value for money.

(Wilkinson et al, 1998).

The Charter had striking similarities in language to TQM with phrases such as standards, empowerment, quality and customers.

The Charter was followed in 1998 with the introduction of a white paper "Modern Local Government – In touch with the people", at which time the concept of Best Value as a framework for performances by local authorities was introduced (Fox, 2001). The introduction of the best value concept by central government was seen as a way of improving the standards of service delivery throughout local government, and of meeting the aspirations of local people for the highest quality and most efficient services.

In 1999 the Improvement and Development Agency (IdeA) was established, by and for local government, with the view to support self-sustaining improvement within local government. This organisation has developed an Interim Benchmark for an 'Ideal' Local Authority that will be cited later within the text, and may provide an interesting vision of the future for New Zealand Local Government.

Specifically the benchmark comprises

- Twelve features of a local authority which is fully effective.
- Three organisational themes in which a local authority will need to perform strongly.

- The core competencies which relate to these themes.
- Definitions of the core competencies with evidence based indicators.

Four case studies of Quality management in three London Borough Councils and one District Council in Essex (Appleby & Clark, 1997), have provided key points which are equally applicable to the New Zealand territorial local authorities, and therefore this report.

Based on this journal article, the approach to implementing quality in territorial local authorities will need to

1. Be sensitive to culture and the values of the authority.
2. Engender support from across the authority, and be capable of being adapted across a range of service functions.
3. Be congruent with current business / planning policy.
4. Be supported by mechanisms for effecting change and co-ordinating activity.

These factors will be discussed further in relation to territorial local authorities in New Zealand, and specifically Rotorua District Council.

2.4 THE NEW ZEALAND EXPERIENCE.

With respect to Local Government in New Zealand, in contrast to international initiatives, literature search results were limited to those listed below. Only a handful of journal articles, again reflecting the scope of which Quality initiatives have been introduced into territorial local authorities in New Zealand.

A document produced by the Business Development Group of the Ministry of Commerce was published in 1996, which was based on material written by Ron Crosling and Bob Munzberg and the Australian government's AusIndustry Enterprise Improvement Branch (Excellenz, 1996). Within the document,

Excellenz aims to provide a basis for advancing knowledge and understanding of the issue of TQM at a practical level in industry. Like many other pieces of literature, the document provided useful implementation information and core principles that could be applied to any sector, including that of local government.

The document, Total Quality Management Basics Manual provides a brief history of the development of Quality. It contains seven key imperatives that are not only closely aligned to New Zealand Business Development Quality Awards Criteria, but are proposed as a basis for diagnosing the enterprise, and addressing key initiatives to be undertaken as part of the quality journey (Excellenz, 1996).

In March 1993, when interest in TQM and Quality Management philosophies were at their peak, an investigation of quality improvement programmes and quality management systems in New Zealand local government was carried out by Mark Gordon as part of his MBA studies at Canterbury University.

The report set out to quantify quality improvement programmes in existence in local government in New Zealand, and to identify successful strategies and typical problems, by using a mail out questionnaire survey to the Chief Executive Officer of each local authority.

Through the survey results, the report concluded that there was a strong agreement amongst respondents that quality management is essential. (Gordon, 1993). Interestingly, this was supported by the fact that 82% of the respondents with formal systems were implementing TQM (Gordon, 1993, p.56).

The researcher found that most organisations continued to place emphasis on quality inspection, and only a minority of responders included internal members of the organisation in their definition of the customer.

More recently, in 2001, a research report by Brian Fox focussed on Best Value in local government. This report specifically looked at the performance framework model called Best Value established in the United Kingdom, as part of the 1999 legislative review. Again, a survey of Chief Executives found that, although there were some aspects of the Best Value model that do not fit the New Zealand culture, there was also a clear willingness and desire to improve the performance of local authorities (Fox, 2001) for and on behalf of the local communities.

The concepts of Best Value that have been embraced in the United Kingdom, appear to be setting the path for New Zealand Local Government. In a joint statement by Local Government New Zealand, the Society of Local Government Managers, and the Department of Internal Affairs, titled A Vision and Strategy for Local Government in 2010, the authors endorse the provision of best value for its citizens and customers in all of their activities.

Specifically, the report states "*If local government is to achieve the preferred outcomes for 2010, the sector itself will need to establish meaningful targets that lead to improvements in processes and practices*". (Rosson et. al, 1999. P.6). Clearly, this statement alone confirms that Quality Management principles and philosophies are required in local government, as seen by the aforementioned authorities. It goes further to suggest the adoption of benchmarking and good practise guidelines to enable elected members and citizens to judge the quality and efficiency of council services. This further aligns our territorial local authorities with their British counterparts and the "Ideal" Local Authority concept.

Articles have been located in the two main Local Government Journals in New Zealand, namely Local Government New Zealand and Leaders, the magazine of the New Zealand Society of Local Government Managers. They have contained very few references relating to the Quality Theme.

Several of the articles have been based on Hamilton City Council's efforts in Quality, and their path to becoming the first Local authority in Australaisia to gain ISO9002 certification (Baguely, 1994). Consultants, outlining the best-fit Quality solutions being adapted to tla's specific Quality initiatives, have submitted the remaining articles. Here the concept is confirmed that there is no specific formula for Quality management in local government. Indeed the author, Baguely (1994) states that strategies need to be integrated with the organisation's objectives and plans, something that will be proposed in the latter sections of this report.

In the same journal, a number of problems were identified when developing a quality strategy in local government. Some of these problems echo previous sentiments, all of which will have a bearing for RDC and its implementation strategy.

They include;

- A Quality Policy requires long term planning.
- Local authorities will continue to change and face strategic problems.
- The absence of the profit motive may mean the incentive to achieve quality may not be as high as it could be if there was a balance sheet demonstrating that quality had, or had not, been achieved.
- Where an organisation is the monopoly provider of a service there is less incentive to improve quality.
- Politicians who determine policy are not elected by virtue of their management expertise, and may not be sympathetic to quality policies.
- There may be differing requirements by different customers, for example the elected officials may want something different from a service than the actual ratepayer.
- If private sector customers are highly satisfied with their service they may demand more. This could create problems with public sector customers, due to the need to limit demand to avoid budgetary expansion.

- The possibility that the required cultural change may not extend to those at the street level of the organisation, those who deal with the public on a daily basis.

Finally, Jones (1995), recounts the efforts of Christchurch City Council to develop a comprehensive strategy focussing on improving performance of service to both its external and internal customers. Contained within this article are some interesting lessons that could be applied to RDC. Diagnostic studies by the author found that the principle failure of the Total Quality process was the lack of integration of the process with the mainstream business management process.

Interestingly enough, nowhere in the 2003 / 2004 Christchurch Annual Plan is there any mention of Quality initiatives. Similarly, checking the Council web site, and using the word "Quality" to search, produces references of water and air quality topics, and a mention of quality services (Christchurch City Council, 2003).

It seems, that although Chief Executives from around the country have expressed a willingness and desire to improve the performance of local authorities, limited attempts at doing so have been short lived.

Pressures to demonstrate value for money and also to prove their worth, especially in making a measurable impact on their community, have become more intense for territorial local authorities in New Zealand. On a broad basis, an investigation of quality improvement programmes and quality management systems being used in local government in New Zealand, Gordon (1993, p.76) found, *"most organisations don't make the connection between quality and the customer, either in a formal way or in their definitions of quality. Similarly most organisations don't have a formal system by which they manage quality."*

TYPE OF SYSTEM	NUMBER	%AGE
Quality Inspection Used	33	73%
Quality Assurance Used	19	42%
Continuous Improvement Programme	18	40%
Formal System in place	11	24%
ISO 9000 standards used	11	24%
TQM programme underway	10	22%
Statistical Quality Control used	6	13%
TQM throughout organisation	4	9%
TOTAL RESPONSES	**45**	**100%**

Table 2. Statistics of Quality Improvement Programmes in Local Government
Gordon, 1993 p.56

Although this report and investigation is nine years old, information downloaded from the Local Government New Zealand site confirms that little progress has been made, with very few territorial local authorities with formal certified quality systems in place. This confirms that even today, most territorial local authorities, at best, continue to place emphasis on quality inspection, an activity that fails to promote quality consciousness.

Of a total of 86 authorities, only 13 authorities, or 15%, have a formal quality management system in place for a portion of their enterprise, and only Hamilton City Council can claim to be a fully certified TLA (Local Government New Zealand, 2003).

The formal Quality systems contained on the Local Government Internet site refers specifically to Certification of the ISO 9000 series of international standards. As a comparison to our international counterparts, a survey conducted by Glaster in 1997 of UK local authorities reported that 72% of local authorities are ISO 9000 certified in one or more departments, with another 26% working towards it (Donnelly, 1999). These figures, compared to the meagre New Zealand 15%, is an indication of the thrust and enthusiasm for quality in local government in the United Kingdom, compared to the New Zealand sector.

Interestingly, a word search within Hamilton City Council Annual plan 2003/2004 contains a small section on quality initiatives that states "*Council is proud of achieving certification of the new ISO9001:2000 standard two years ahead of schedule. The emphasis of forthcoming quality initiatives will be on process mapping and continuing to simplify and standardise quality systems, procedures and documentation across the organisation.*" (Hamilton City Council, 2003, p.49).

The organisation's ISO Certification appears to have had little impact on their satisfaction rating amongst residents. Hamilton City satisfaction rating for ratepayers perception of overall performance of Council is 57% (Hamilton City Council, 2003, p.52), while for the same period RDC is 70% (Rotorua District Council, June 2002, p.14). This suggests that achieving ISO Certification may not necessarily result in greater community satisfaction, nor guarantee the status of a truly Quality organisation.

With respect to certification, and its limits, it should be noted that a documented quality compliance system is only a step in the right direction down the quality path. It should not be regarded that, once certification is achieved that the organisation can propound itself as a Quality Organisation, nor be considered as a comprehensive continuous improvement programme as described in earlier sections. In some respects, gaining certification of a

standards based system contradicts the broad intent of a total quality philosophy (Houston, 2002). Flood offers a critical analysis of the certification regime.

The strengths are;

- Offer an organised method of analysing an organisation for quality.
- A continuous approach is recommended.
- Consistency should be achieved.
- Receiving Certification may lead to a more positive image, with greater acceptability and credibility.
- Long term cost cutting.
- Good documentation is achieved, promoting knowledge transfer and improving the chances of tracing errors.
- The standards promote a total system approach.

However, the weaknesses are;

- The process is time consuming.
- The process is resource intensive.
- Adaptability and flexibility may be reduced.
- Implementation may hit cultural resistance.
- It is difficult to be sure that the organisation consistently maintains its quality standards.

Any formal or informal foray into the Quality world can however been seen as advantageous in the TLA sector. By using RDC as an example this report will exhibit the benefits of the Certification framework, and its common sense ideas, while also highlighting the pitfalls and associated difficulties.

2.5 THE RELEVANCE OF QUALITY MANAGEMENT.

People throughout New Zealand deserve, and rightly expect, a pleasant and safe environment in which they can live, work and visit. We all want good

quality public services and local communities where everyone can participate in society.

Local Government in New Zealand is no stranger to change. Over the past 15 years, the world of Territorial Local Authorities in New Zealand has been subjected to almost continual pressure for change. The amalgamation and restructuring of Local Government in the 1980s reduced the number of authorities from 675 to 86 with the requirement that they also that cover a wider range of functions. (A similar reform took place in Britain in 1974 when boundaries were redrawn so as to create larger authorities). This was followed by the introduction of requirements for long term financial planning, as well as having to provide annual and business plans for the community in the 1990s. More recently, the introduction of the Local Government Act 2002, has led local government in New Zealand through a number of philosophical changes in the way that the organisations are managed.

The emergence of service quality as a key issue in local government is against a general background of external as well as internal pressure for change. Local government, by its very nature, does have one advantage that is relevant to the implementation of TQM – namely, that it is localised. Compared to the private sector, TLA's have shorter and more meaningful lines of communication, an environment more suited to developing a common shared culture, and, above all, the organisation is closer to the customer, that being a key issue. (Macdonald, 1994).

The reality is that top down management driven systems are doomed to failure whether it be in private sector or in government. We must move away from the mentality that government customers are trapped, and therefore accept the treatment that they receive. It is the writer's contention that

government can no longer operate with this attitude. It is time to put the customer first. Its time to shift away from telling customers what they want, and how they receive it, to starting with them. Customers, after all, are the people served by government, and they, not just government employees, should benefit from government services (Koehler & Pankowski, 1996a).

An interesting and relevant article appeared in the local daily newspaper during the compilation of this report, (Appendix F), reporting a debate at a recent Council meeting. The subject of debate was whether the $23 000 spent per annum on the annual NRB survey of 400 ratepayers was money wisely spent, while some councillors questioned the need for the survey to be conducted annually. In reply, the Chief Executive rightly defended the use of such techniques so as to adequately establish the customer's viewpoint on the direction of council and its policies. This issue of establishing customer needs and requirements will be discussed in latter sections.

In response to the expanded use of technology, more participatory governance, legislative requirements, and organisational pressure to do more with less, the public sector, including local government, has moved towards a more output orientated, customer focussed approach to service delivery. In many respects, this has followed the principles of total quality management.

However, some caution is required when transporting typical approaches to quality into the public sector, particularly local government. In the commercial sector, most quality initiatives are directed at the organisation's ability to attract and retain customers. Thus service quality will lead to increased custom which, in turn, will lead to increased profits. In some Local government services, increased customer usage may lead to increased demands on services where resources are limited. For example, improving the services provided by the Rotorua public library may result in increased patronage, with a resulting increase in demand for books, therefore an

increase in budget is required. In addition to this, many of the customers / ratepayers may contribute payment for services that they do not use. Using the same scenario, those who do not use the library, do in fact pay for its running through their rates.

There is a degree of translation required to convert the language of Quality in terms of the private sector into terms that are appropriate for non-profit governmental organisations, for example territorial local authorities.

All territorial local authorities exist not for profit, but to fulfil their mission, which is inherently a governmental function. In the case of Rotorua District Council, it is *"to provide excellent leadership and sustainable community services that improve quality of life for residents and ensure a world class experience for visitors."* (Rotorua District Council, 2003, p.26).

The key metric or measurement for territorial local authorities performance therefore, is not a measure of financial effectiveness, but rather mission effectiveness. The table on the following page (Averson, 1999) summarises the similarities and differences of strategy between public and private sector organisations.

Table 3 identifies the differing drivers between the sectors, all of which affect the implementation of quality initiatives, and, in so doing, require the translation of some methods, so as to make them a better fit within the public sector arena. In territorial local authorities the search for cost reduction is usually more important than improvements in quality however the incentive to reduce costs is not as urgent as is the case for private sector organisations (Dewhurst, Martinex-Lorente & Dale, 1999).

STRATEGIC FEATURE	PRIVATE SECTOR	PUBLIC SECTOR
Strategic Goal	Competitiveness	Mission effectiveness
Financial Goals	Profit, Growth, Market Share	Cost reduction, Efficiency
Values	Innovation, Creativity, Good will , Recognition	Accountability to Public, Integrity, Fairness
Desired Outcomes	Customer Satisfaction	Customer satisfaction
Stakeholders	Owners, Market	Ratepayers, Inspectors, Legislators
Budget Priorities defined by	Customer Demand	Leadership, Legislators, Planners
Key success Factors	Uniqueness	Sameness, Economies of Scale

Table 3. Private / Public Sector Drivers.

Cited in Averson, P (1999).

There are three main reasons for introducing a quality management system at RDC. Firstly, there are vast benefits in identifying internal processes, and in improving the quality of operations in the cycle of continuous improvement. This will lead to continued development building within a single coherent organisational management system.

Secondly, the introduction of a quality management system is connected with the necessity to improve the service delivery to customers. In terms of RDC, this means a change from a bureaucratic institution to an organisation working for the customers, the community, and also employees.

Thirdly, if our British counterparts are to be followed, there is an increased likelihood that once the Local Government Act 2002 is made operational, that some form of benchmarking system with be introduced for territorial local authorities.

TQM is an approach for continuously improving the quality of goods and services delivered through the participation at all levels of, and functions of, the organisation. Thus, TQM requires fundamental changes in every aspect of an organisation, its workforce, its management, its structure, and its culture. Territorial local authorities deserve special attention as far as implementation of quality improvement practices and philosophies is concerned, since the effectiveness of the organisation affects the quality of life and the tax burden of both industry and individual ratepayers.

As such, there are unique challenges and opportunities in developing approaches for applying Quality Improvement principles to territorial local authorities. They are unique because the top officials are elected and the stability of the organisation is affected following elections. While the general principles of Quality Improvement are the same for public and private organisations, the actual implementation of such principles, in an operational sense, strongly depends on the individuals, structure, management, culture and environment of the specific organisation.

3.0 ROTORUA DISTRICT COUNCIL – THE LOCAL EXPERIENCE.

The first section of this chapter briefly looks at the Local Government Act 2002, and its effect on the introduction of Quality Management techniques at Rotorua District Council.

The section then goes on to deal with the organisational learning in the context of the development, and the use of Quality initiatives in the period of the early 1990s to the present day. Two distinct periods shown in Figure 2 below, will form the basis for analysis, and the structure of the subsequent sections. A final summary shows current perceptions of Quality that have resulted in part, from the use of Quality within the organisational structure of RDC.

Successful Quality Management implementation requires initiatives ranging from quality planning at the strategic level, to full integration of quality principles in daily work. The most recommended path to realise Total Quality Management implementation is though visible team based project (Sainfort & Carayon, 1997). The following sections briefly outline the actual Quality methods and team based projects used in the past. They include evaluation of the outcomes, and a brief reflection of their applicability and key success factors or barriers to success. For the purpose of this analysis the following section explores the effectiveness of five projects that the author was directly involved with.

Figure 2. Rotorua District Council Periods of Quality

3.1 THE LOCAL GOVERNMENT ACT 2002.

The Local Government Act 2002 is the first comprehensive revision of the general law relating to local government since 1974. Central to the legislation is the government's wish to modernise local government to ensure that they provide vision and leadership to their local communities.

The Principles of the act makes every local authority comprehensively review the continuing sustainability of many of its current policies, procedures and management practises, and make the authority consider the extent to which these will need to be amended in order to comply with the new legislation. (Wood & Sharplin, 2002)

RDC Chief Executive, Peter Guerin, sees the new legislation as a paradigm shift to look directly at community efficiency, and as such, it is central government's greatest driver for productivity improvement in the TLA sector.
To comply with the legislation, Councils need to break free from the old-fashioned attitudes and practises. Even though there is a long tradition in New Zealand of Councils serving their communities, today's world is very different to the one when current systems of local government were first established. The legislation is designed to force Councils away from inward looking, and towards being more concerned with maintaining their existing structures and protecting their vested interests, to listening to their local people and leading their communities. In its second reading speech to Parliament, the Local Government Minister, said of the new Act, *"it is time unnecessary prescriptions were abandoned and we concentrated on a more meaningful future for local government"*. (Carter cited in Ryan, 2003).

Too often within a council, the members and officers take the paternalistic view that it is for them to decide what services are to be provided, on the

basis of what suits the council as a service provider. The interests of the public come a poor second best. The culture has been one where more spending and more rates are seen as the simple solution, rather than exploring how to maximise the available resources.

Wood et al, (2002) state that the challenge of the new act will be for local authorities to comprehensively review all of their affairs, in a structured way. How to devise and put in place more effective, efficient, transparent, responsive, participative, accountable and appropriate processes and systems for the future that the act promotes.

With the introduction of the act the government has sent a clear signal that consultation and participation must be embedded into the culture of councils, and undertaken across a wide range of each councils responsibilities. This will be a key feature of the approach to producing a long-term community plan, and achieving better quality through performance review and the development of local performance plans.

In introducing the Bill to parliament, the Honourable Sandra Lee, then Minister of Local Government, said:

"*Above all, the bill is about empowering communities...within their local communities to exercise even greater control over their elected representatives and councils, ... It is about ensuring that the dreams and aspirations of local communities are reflected in the activities of their councils...*"

(Lee, 2002).

The new legislation seeks to develop modern local authorities which put people first, while seeking to provide services which bear comparison with the best. Continuous improvement in both the quality and cost of services will therefore be the hallmark of a modern council under the new act.

Section 42 of the act sets out the responsibilities of the chief executive of the local authority which include "*Ensuring the effective and efficient management of the activities of the local authority and providing leadership for the staff of the local authority.*" (New Zealand Government, 2002 p.34)

It is unlikely that the essential change in values required in Quality Management will be driven by the political process, or through the introduction of legislative requirements. Instead, it will most likely occur as individual territorial local authorities begin to address their own performance, their actions and behaviour as an organisation, and the values that govern their decision-making.

Perhaps the most recent, and most pertinent, example of Quality Management entering local government through a legislative framework, is the Local Government (Best Value) Act (Northern Ireland) 2002 chapter 4 section 1dated 26th March 2002, which states
A council shall make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. (Northern Ireland Government, 2002. p.5)

This piece of legislation clearly states central government's intention to force their territorial local authorities to embark down the path of Quality Improvement. The New Zealand Local Government Act 2002 is by no means this explicit, however, it may be the precursor to such amendments, with its purpose of helping councils to engage with their local communities more effectively. In doing so, local people will be encouraged to take a greater interest in their council's affairs.

RDC has already consulted with the community, and conceptualised their wishes through the development of the Strategic Framework, which has the

potential to specifically address Clause 14g of the Local Government Act 2002. But as the next section will demonstrate, there have been some limitations in putting the conceptual framework into practice. Some of the past initiatives have not been successful in addressing the guiding principle of "an efficient and effective organisation", however, this research attempts to bridge the gap to fully implementing theme F of the strategic framework, so as to meet 14g of the Local Government Act 2002.

3.2 EARLY QUALITY INITIATIVES (CIRCA 1991).

Background

The evolution pattern or history of Quality initiatives at RDC has reflected its counterparts in the private sector, and had its beginnings in the TQM era of the early 1990s.

In 1991, the then District Manager of RDC organised TQM and TIP (Towards Improved Performance) seminars in Hamilton and Auckland for his management team and selected third tier managers. Following these seminars, it was agreed that TQM was feasible for Local Authorities, in particular RDC. In the first instance two pilot schemes would be targeted.

The following statements were identified and confirmed at the management team meeting as key principles to be adopted:

- That the TQM principles will be applied to decisions made by management.
- That TQM will be an ongoing project, and not a fad.
- It was accepted that time was not always on the management side, but that time would be given when required.
- It was acknowledged that overall results due to TQM would take years, as opposed to being an instant success.

The introduction of TQM to RDC was the first identifiable formal effort by the organisation to improve quality. These early quality initiatives concentrated on improving the way in which the organisation operated to show that improvements in the services were tangible. The concern was not to improve corporate issues, but to ensure that individual services addressed specific values or objectives.

As mentioned earlier, two pilot projects were identified, the new water connection project, and assessment of the typing functions. Training sessions explaining the rudiments of TQM were attended by a cross section of staff who were involved in some part of the above processes. Attendees were selected by their department heads, and were identified as possible champions of TQM, while also being given the opportunity to disassociate themselves from the projects if they wished. The writer was selected to be part of the new water connection project, and, as both projects followed the same process, the following section will give a brief outline of the new water connection project.

In preparation for the project, attendees were asked to read two papers, Demings Way, and Quality comes to city Hall, a paper outlining the efforts of Joe Sesenbrenner, Mayor of Madison Wisconsin USA.

The Project

The mission statement adopted by the team was..
"to provide an effective and efficient service to the customer in regard to applications for a new water supply connection".

To achieve the above, the team used standard quality techniques. These included the PCDA cycle, flow charting to identify the current process, as well

as proposing a new and improved process, customer surveys, and a time and motion study.

The flow charting exercise revealed that the internal processes were deficient and lengthy, and required an overhaul, with particular focus on bottlenecks occurring in administrative procedures. An improved process was developed following analysis of the customer surveys and a time and motion study. Over 200 water connections were used in the data analysis. These included connections applied for over a three year period, resulting in decisions based on hard data and facts, as opposed to the traditional opinion based decision making. Like all TQM projects, the success of these initiatives depended on the quality of information and data analysis that the team completed.

At the conclusion of the project the team compiled a report documenting the background, workings, data analysis, conclusions, and the following recommendations to the management team.

- The water rates clerk be transferred to the water supply section to provide a one stop shop for the customer.
- The process of the application form be as per the flow chart.
- A letter be sent to all local builders and plumbers advising them of changes to the process, and notifying them of the performance targets adopted.

The result and impact.

After months of work, and years of data collection and analysis, the recommendations went to the management team, but unfortunately none were acted upon. Teams were formed and empowered to make improvements, yet management did not deploy the right resources to make the improvements or changes in strategy. Therefore, people became

frustrated, demoralised and angry. The end result: some despondent bitter people who grew to dislike and mistrust the word quality.

It is very difficult for organisations with traditional pyramid structures to implement TQM, and this case highlights these difficulties. It's not only the top heavy decision making bureaucracy that creates problems, but also the functional silos that divide the organisation. Cross-functional process optimisation is crucial for the success of any quality effort. However it is virtually impossible to produce cross-functional synergy when different departments, such as engineering and finance, jealously guard their territory with the wariness of cold war adversaries (Svenson, Wallace, Wallace & Wexter, 1994). The project failed when defensive managers found it impossible to move from a control and command style of management to one based on guiding and mentoring. The idea of moving staff members between departments, even at the prospect of improving performance, was an idea contrary to the traditional structures and norms.

Empowerment, a key theme in Quality Management, relates not just to individuals, but also to units or departments. To achieve effective service delivery and cost reduction, barriers between departments need to be blurred and often removed. This does not mean that there is no need for separate functional units, only that the way in which these functional requirements are met should be a matter for redesign and rethinking (Morgan et. al, 1994).

As Morgan et. al. (1994. p.77) confirm, *"the most common problem we have encountered is the feeling that management have launched TQM without a full understanding of its implications, or without realisation that it involves a substantial change in their own behaviour."* Indeed, as the teams developed and became more empowered, and as self-management grew, managers did not want to accept that their roles had changed. Commitment of senior

staff towards culture change based on continuous improvement is seen as essential and the most important determinant in TQM implementation, and its absence is the prime reason why TQM fails.

In the same fashion, leaders play a critical role in ensuring the long-term viability of a TQM programme (Stahl, 1999). From their position of authority, leaders in TQM firms have the ability to see that TQM progresses beyond the point of collateral structure to something that is ingrained, by instilling the principles, practices, and techniques underlying TQM into the firm's administrative, technical and social systems (its culture).

The early quality initiatives of TQM at RDC represented a major challenge for the organisation, which has been characterised by a hierarchical, rule-bound bureaucratic structure with an emphasis on risk avoidance and compliance, resulting in limited success of the TQM initiative.

Unfortunately, the tangible and intangible losses associated with failed TQM programmes can be significant. Substantial financial and human resources are required to educate employees and managers in TQM philosophy, and to train them in the proper application of tools. In addition to these tangible costs there are a number of intangible losses that are not easily recovered, such as damage to employee morale, commitment and satisfaction.

The major reason that initial TQM initiatives failed in RDC is not that the organisation is inherently defective. The major reason was that the organisation had not comprehended how to integrate TQM into the overall business strategy and management systems, and how to tailor the approach to fit the organisation.

Many writers in the past have warned about the dangers of adopting flavour of the month solutions, whereby recipes go through a fairly predictable cycle, from infatuation to disillusionment, and having run out of steam, new ones take their place. (Wilkinson et al, 1998)

The Quality movement has evolved throughout the world as a series of minifads spread over time (Cole, 1999), and RDC also exhibits adherence to this phenomenon, with each successive minifad being used as an occasion to discard the previous one and refocus the organisation around the new initiative. The next section will deal with the next era of Quality at RDC, that of ISO 9000 certification, followed by individual Quality projects initiated by the writer.

3.3   THE SECOND ERA OF QUALITY (1998 TO DATE).

Castlecorp ISO9000 Certification

Background

In the early 1990s, in response to pressures by central government, lobby groups e.g Chamber of Commerce, and peer pressure (other local authorities divesting services), the RDC formed a Local Authority Trading Enterprise (L.A.T.E) committee to investigate structural options for its work and services unit. Many other local authorities had contracted their service delivery functions, while others had established L.AT.E's as a preliminary step before selling or divesting services to the private sector. RDC was, and still is, unique, in that it retained its works and service unit, separating the operations functions from the Asset Management functions by creating the Business Unit Castlecorp. Contracts between Castlecorp and other Council departments are negotiated each year, to ensure that the running of the business unit is carried out as it would be in a competitive environment. This has meant that Council has had the ability to;

1. Benchmark and compare Castlecorp's costs against similar service providers in the industry.
2. Easily sell or divest part or all of the service delivery functions should the elected officials choose.

This constant pressure of the possibility of being sold created the impetus for Castlecorp management to venture down the path of ISO 9000 certification. It was seen to be beneficial whatever the future held. If Council decided to retain the services in-house, then they would be assured quality of service, or, should they decide to sell to the private sector, it would put Castlecorp in an enviable position as a certified supplier.

The Project

In 1998, the business unit Castlecorp engaged a consultant to put procedures in place, provide key documentation, and prepare the organisation for its initial external audit by TELARC. While most of the documentation was prepared offsite, several on site meetings were held to allow the consultant to better understand the business and organisation as a whole. The consultant was employed on the basis of their knowledge of the standards and the requirements of registration.

The process employed by the consultant included the following steps:

- Initial briefing and scoping of project with Castlecorp Management.
- Brief training with staff on the writing of standard operating procedures. Using the template developed, these key staff aided the compilation of all standard operating procedures with relevant staff undertaking the specific tasks.
- An integral part of the system is the reliance on quality audits being undertaken at regular intervals. Key staff were therefore trained in internal quality auditing.
- After being provided with basic organisational policies, the consultant compiled all of the key documents, for example Quality System Manuals and Operations Manuals.
- Finally, the consultant conducted a pre-registration assessment to provide the organisation with an independent perspective of the organisation's readiness for registration.

- Areas of weakness identified though the pre-registration process were rectified prior to application for registration.

Castlecorp was certified under the ISO9002 family of standards in 1998, making it the first department of RDC to do so.

Since that time, Castlecorp has retained its certification through the external accreditation agent TELARC. More recently, staff within Castlecorp have rewritten the Quality System Manual to be compliant with the ISO9000 : 2000 version of standards, which have a particular emphasis placed on management commitment, process approach, and continuous improvement. The primary aim of the new standards is to relate modern quality management with the actual processes and activities of an organisation, including the promotion of continual improvement and achievement of customer satisfaction (Houston, 1997).

The five sets of requirements of the new standards are as follows:

Documentation Requirements – organisations need a documented quality management system which:

- Identifies and describes the processes that make up the quality management system.
- Ensure continuous improvement of the quality management system.
- Manages, monitors and improves process performance.
- Control the updating and release of quality related documentation.
- Maintain secure records to prove the system requirements have been met.

Management Responsibilities – senior managers should provide clear leadership in the following areas:

- Promotion of the importance of quality and meeting stakeholders' needs and expectations.
- Implementation of the quality management system.
- Planning to achieve defined levels of quality.
- Clarification of quality related responsibilities and authorities.

- Conducting reviews of quality system effectiveness.

Resource Management- organisations must provide the necessary resources to ensure customer requirements are met. These resources will include:

- Suitably qualified, experienced and competent personnel.
- Suitable and correctly maintained working environment, workspace, equipment and materials.

Service Realisation- organisations need to effectively manage the processes associated with the provision of services to meet customer requirements. These processes include:

- Planning the provision of goods and services.
- Control and security of production records and documentation.
- Continuous identification and updating of customers needs and requirements.
- Communication with customers.
- Design and development of goods and services.
- Control of purchasing and procurement.
- Identification and control of goods and services during production and distribution.
- Protection of property supplied by customers.

Measurement, Analysis and improvement- organisations need to have processes to:

- Monitor and measure customer satisfaction.
- Plan and perform regular internal audits.
- Monitor and measure quality related processes.
- Monitor and measure goods and services produced.
- Control non-conforming products.
- Analyse quality related information.
- Make quality improvements.
- Correct actual nonconformities.
- Prevent potential nonconformities.

(Acumen, 2003)

The result and impact.

The purpose of a quality management system is to establish a framework of reference points, to ensure that each time a process is performed the same information, methods, skills, and controls are used, and applied in a consistent manner. In this way it helps define clear requirements, communicate policies and procedures, monitor how work is performed, and improve teamwork. Documentary evidence regarding the quality management system is fundamental to quality assurance (Dale, 2003)

Typically with ISO systems, bureaucracy has increased, due to the increase in paper and process documentation, which many argue stifles innovation (Dale, 2003). However, as with other Quality organisations that are well experienced in quality practises, Castlecorp makes greater demands on their own suppliers and business associates. Castlecorp's introduction of quality improvement strategies resulted in a distinct change in organisational culture through using good teamwork practices and improving training and interpersonal communications. The value of loyal and long experienced employees who believe in excellent quality values, has often been a major asset in seeking to achieve total quality improvements. For Castlecorp this is evidenced by the average length of service being twelve years.

The organisational culture of the RDC is varied and fragmented between the various divisions of the Local Authority. As explained in the previous paragraph, for Castlecorp, the culture focuses on continuous improvement and the delivery of Quality Services. This culture is a direct result of two major influencing factors;

1.   The constant threat of contracting out or divestment of the service delivery functions, has encouraged the unit to adopt Quality Management Principles.

2. The leadership and management of the unit has engendered a family or whanau culture, which results in loyalty, long service, and a pride in workmanship.

For RDC, ISO 9000 certification does not assess the organisation's results and performance. Conversely, it assesses what kind of activities are being managed and how they are being managed by Castlecorp. The ISO 9000 series can be viewed as a baseline for Castlecorp to maintain a good quality system. In other words, ISO 9000 helps to build a foundation for the organisation's TQM activities.

The quality management system has become a cornerstone in the organisation's approach to quality management and has helped to ensure that any improvements made are retained. However, ISO registration is not a prerequisite for TQM, although the guidance provided in the ISO series, and the independent surveillance, are indisputable aids in developing and maintaining the procedures, controls, and disciplines required in a quality management system.

A system based on the ISO series provides the basis and certification should only be viewed as a minimum requirement. The objective should be to develop and improve the system in relation to the needs of the organisation, as has been the case with the simplification of the Quality Systems Manual.
Under the old standards, the preparation of systems procedures and work instructions had a beneficial effect. However, the old standards tended to steady state performance, as they were designed to produce consistency which can often lead to a sense of complacency (Dale, 2003).

In some respects, Castlecorp entered the development of quality systems to demonstrate to its customers, and particularly the RDC, that its processes were effective and under control. The pressure for proof that systems and

procedures were in place, and working in an effective manner, was exacerbated by the threat of contracting services out to the private sector.

Since Castlecorp's first year of registration in 1998, the requirements of a successful quality system implementation have become increasingly evident. To be truly effective, the development of quality management systems should not remain the concern of consultants, but should also consider the important role of employee involvement and empowerment. MacDonald (1994) refers to the packaged solution, where consultants superimpose a packaged out of the box solution for an organisation. This does not take into consideration unique cultures inherent in most organisations. The executive decision for a speedy solution achieved its goal of implementing ISO, and provided an extremely good training resource. However, it did not totally integrate the ISO system into the organisational culture. Further quality integration can be made with respect to Castlecorp, where total quality integration refers to the extent to which the principles and philosophy of TQM are fully integrated into the organisation's culture. Often the practices of TQM are easily incorporated into an organisation's technical system (sops), and its administrative systems, but the social system may remain unchanged (Stahl, 1999).

In the case of Castlecorp the outside consultant brought to the table the expertise and an understanding of the ISO9000 standards and registration processes which were not available in-house. The consultant provided interpretations of the standards, and suggested documentation systems and structures, which proved the consultant to be a valuable resource. However the consultant also provided a large proportion of the documentation content. As a result, the documentation did not accurately reflect the culture of the organisation, and gave no sense of ownership of the people that work within the system. In short hiring a consultant does not negate the necessity for the organisation to be involved in contributing to the ISO registration. A system written by a consultant does not engender ownership among the

people that must function within the system. Ownership of the quality system is very important, while ISO registration is merely a by product of quality improvement.

Fleet ISO Certification

Background

As a result of restructuring, the Fleet department became part of Castlecorp in 2001. The restructuring was a direct result of general customer dissatisfaction with the level of service provided by the Fleet area, and an efficiency drive by reducing staffing levels. The former structure and work ethics developed under the old regime had an impact on both the way staff operated, and the culture of this department.

This project set out to identify and resolve key service problems, while extending the ISO 9000 quality system to incorporate the Fleet section of Castlecorp.

The Project

Customer needs were established through an initial survey process as a basis for the improvements of processes designed to better meet customer expectations. A total of 140 survey forms were sent out, and 98 were returned, representing a 70% response rate. The following graphs represent the key results obtained from the initial survey.
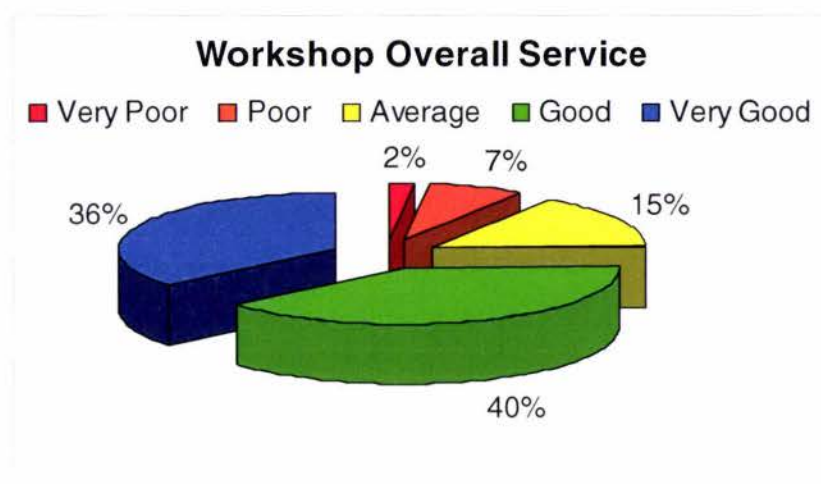
Figure 3. Workshop Overall Service

This graph represents one of the most significant factors. Over three-quarters of the respondents thought the overall service was either good or very good while only 9% rated the overall service as poor or very poor.

75% of respondents are happy with work done while only 4% were not happy.
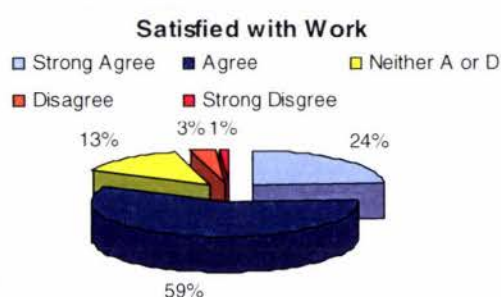
Figure 4. Satisfaction with Work
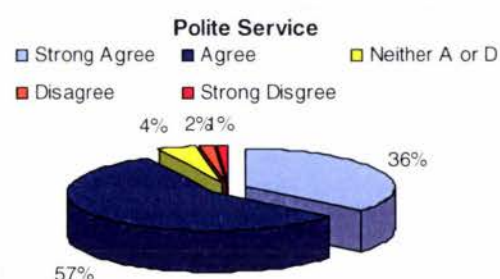
Figure 5. Polite Service

Over 90% agreed that they received polite service.
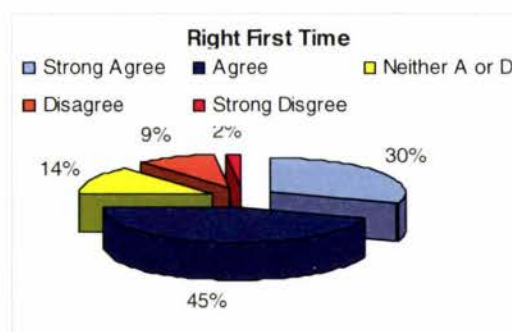
Figure 6. Right First Time
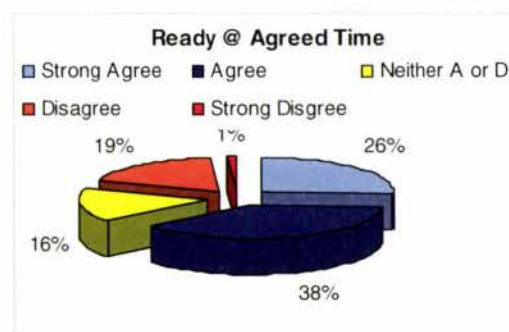
Figure 7. Ready at Agreed Time

20% of respondents did not think the vehicle was ready at the agreed time, while 11% thought their vehicle was not repaired at the first visit.

Generally the results from the survey were far better than was anticipated. This made it easier to sell the results to staff by positive encouragement, highlighting that only 9% of their customers were not happy with the overall service.

The opportunity for respondents to make comments resulted in 24 positive comments about services and staff, 29 general suggestions for improvement and 13 specific comments on timing issues.

A key to addressing customer needs from the survey results was to discuss and analyse each individual comment with Fleet staff to identify solutions to the issues. From this analysis, potential causes were identified and compiled into a list of key problems, all of which were addressed individually to ensure that the organisational systems are geared towards meeting customer needs.

In conjunction with the customer survey, process specification, rationalisation and innovation were reviewed using brain storming techniques, affinity diagrams, flow charts and other tools.

The result and impact.

As a consequence of the review of the issues raised during the survey process, a number of new initiatives were introduced to counter problems experienced in the past. These included the introduction of a "starter pack", which is an informative brochure distributed to all drivers, and is included in all new vehicles to better inform drivers of their responsibilities, together with outlining the services offered by the fleet section.

A second customer survey was administered in 2003, one year after the initial survey was completed. Comparative results from the two surveys are presented in the following tables.

Note : Rounding of figures has occurred during the tabulation process

Overall Service	01/02	02/03	% change
Very Poor	2%	3%	1%
Poor	7%	2%	-5%
Average	15%	16%	0%
Good	39%	41%	2%
Very Good	36%	39%	3%
Total Poor	9%	4%	-5%
Total Good	75%	80%	5%

Table 4. Workshop Change in Overall Service.

Satisfaction with Work	01/02	02/03	% change
Strongly Agree	24%	31%	7%
Agree	59%	58%	-1%
Neither	13%	9%	-3%
Disagree	3%	1%	-2%
Strongly Disagree	1%	1%	0%

Table 5. Workshop Change in Satisfaction with Work.

Polite Service	01/02	02/03	% change
Strongly Agree	36%	39%	3%
Agree	57%	54%	-3%
Neither	4%	7%	3%
Disagree	2%	0%	-2%
Strongly Disagree	1%	0%	-1%

Table 6. Workshop Change in Polite Service.

Right First Time	01/02	02/03	% change
Strongly Agree	30%	34%	4%
Agree	45%	51%	7%
Neither	14%	11%	-3%
Disagree	9%	3%	-6%
Strongly Disagree	2%	0%	-2%

Table 7. Workshop Change in Right First Time.

Ready @ Agreed Time	01/02	02/03	% change
Strongly Agree	26%	26%	0%
Agree	38%	50%	11%
Neither	16%	11%	-5%
Disagree	19%	11%	-8%
Strongly Disagree	1%	2%	1%

Table 8. Workshop Change in Ready at Agreed Time.

In general, the project was deemed a success. The scope of the Castlecorp ISO 9000 based quality system was then successfully extended to include the Fleet area. Improvements to operational and technical aspects of the Fleet

operation have been actioned, further enhancing the delivery of Quality service to the Fleet users. It is clear from the results of the second survey that client perceptions of service have improved.

These positive results can be attributed to involvement and commitment by the staff, and leadership at Castlecorp, where an environment is created which establishes a unity of purpose and direction. This has resulted in;

- Improved decision making as people have better knowledge of systems.
- People understand the aims of the changes and the workings of the new systems.
- Involvement of all staff has created a feeling of ownership.
- Involvement of all staff redirected energy to support the changes, rather than working against the changes.

One of the critical success factors of this project was the importance placed on the team as an integral part of the quality process. TQM views teams as central to a commitment of learning and the changes for quality improvement which this produces (Morgan et. al, 1994). Teams are more powerful learning entities than individuals seeking to learn on their own. Teams provide an environment, in which learning can be articulated, tested, refined and examined against the needs of the organisation and within the context of learning of others.

Footpath & Verge Maintenance Project

Background

One of the contracts currently held by Castlecorp is a General Maintenance contract, where, throughout the district, Castlecorp is contracted to replace footpath and kerb and channelling including vehicle crossings. The footpath and verge maintenance contract 01/166 was chosen as a potential improvement area after all staff were asked to submit ideas for projects at

Castlecorp's monthly Administration Team Meeting in February 2001 which the writer could carry out an improvement project as part of his studies.

Staff involved in this particular contract had encountered a number or problems. Specifically, the current documentation was difficult to obtain at the required time, and, once collated, the information was difficult to decipher. There was also a risk of failing to claim quantities of footpath laid, thus reducing potential income for Castlecorp.

The Project

The footpath and verge maintenance Quality Improvement Project followed the seven-step method for continuous improvement. It contained a standard sequence of steps which induced an in depth analysis of the problems being experienced, its relevant factors, the possible causes, the possible solutions, and their effectiveness (Rao, Carr, Dambolena, Kopp, Martin, Rafii & Schlesinger, 1996).

Initially, a meaningful problem was selected by identifying an area where a gap existed between what had been happening compared to what would be happening in ideal circumstances (Koehler et al, 1996a).
Interestingly, profit is not always an indicator that systems are functioning well (Mizuno, 1988). If that were the only criterion, this particular contract would economically be performing badly with regard to Castlecorp finances. However, this was not the case, nor was it the reason that this particular theme was chosen. Employees were given the duty to identify the problem, and to establish the improvement plan. This aided in the eventual success of the project.

The study of the present system began with brainstorming, which encouraged open thinking. All team members were involved, and the process enabled

team members to build on each other's creativity, while staying focussed (Houston, 2002) on the primary aim of the project.

Important ground rules formed the basis of the brainstorming sessions, including the following;

- At the first meeting rules and acceptable behaviour were established.
- The project aim was reaffirmed at each session to that ensure the group remained focussed.
- Each member took responsibility for participating in all discussions.

The initial introduction for the team to the brainstorming process was the development of the Affinity Diagram. Here issues were identified as several major points, which ultimately assisted in the development of improvement measures. The formation of the Affinity Diagram assisted in breaking down long-standing communication barriers, and allowed breakthroughs to emerge naturally (Brassard & Ritter, 1994). Consequently, the team felt ownership of the results that eventually emerged.

In this instance, to assist in the gathering of ideas, the brainstorming sessions were structured, that is, each team member gave an idea in turn until all ideas were exhausted. No real problems were experienced with this method, however, the writer did note that dependant on the subject matter, project, and ability of the facilitator, (Mizuno, 1988) the affinity diagram could become complicated and unruly, and ultimately difficult for the team members to understand.

The second major tool used in the brainstorming process was the Ishikawa or Fishbone Diagram where possible causes were identified. This method also allowed the team to focus on the content of the problem and create a snapshot of the collective knowledge, while reinforcing the members to identify the causes and not the symptoms (Mizuno, 1988). Again, this method provided some useful information, and allowed the team to better identify

the issues that were causing problems with the formulation of the claims. The main problem that the writer identified, with this method, was that a number of causes of problems were identified but were unable to be addressed within the confines of this project. This was due to time constraints, as well as problems being identified, but were not quick fix solutions, that is, they also required separate projects to resolve complex problems. For example, the entire resourcing problem is one that is currently faced by the entire organisation. No one can deny that a problem exists, however, it is not a simple problem where merely hiring more staff will necessarily be the best solution to the problem.

The final technique that was used in studying the present system was that of flow-charting. To gain a better grasp and understanding (Koehler et al, 1996b) of workings of this contract, the process was flow-charted. Data was collated on how the current system operated, and the actions and steps analysed to identify any relative relationships or shortfalls. Even though the current process was a reflection of what was happening, the team members identified a shortfall that was causing problems with the existing claims process. The team members acknowledged that prevention was better than detection once errors had been made (Koehler et al, 1996b). In the past, the administration staff would detect errors in the claim documentation. These problems are now prevented due to the amendments made to the procedure, which has resulted in errors being reduced at the time of completing the claim documentation.

The solutions to the problems that were identified by the above processes were developed and evaluated, with final adjustments being implemented for the penultimate contractual claim for the financial year. This allowed an opportunity for the effects to be evaluated, and is aligned to the seven-step philosophy of evaluating the effects before standardising any effective solutions (Rao, et al, 1996).

The result and impact.

Juran teaches that all breakthroughs in quality improvement are achieved project by project, and in no other way (Houston, 2002). This project was a problem chosen for a solution, that being to develop a better process for the Footpath and Verge Maintenance Contract. To design the process required a systematic methodology to construct a sequence of activities (Ramaswamy, 1996) that will reliably deliver the expected outcome at a satisfactory level of quality. Perhaps the least understood, but the most important truth about the organisation of work is that people work *in* processes and management works *on* processes (Mc Donald & Piggot, 1990).

For the project to be successful, the assigning of the project to a team was critical to its success. People are untapped resources, and all employees, no matter at what level, can make a significant contribution (Houston, 2002). Most quality improvement opportunities lie across departments, consequently the TQM approach calls for the maximization of interdepartmentalism.
By including staff, and thereby increasing worker participation, ownership is increased as the employees are empowered, which ultimately leads to an improvement in human relations, job satisfaction, a better appreciation of the organisation, and how it runs as a whole.

The process attached as Appendix H accurately reflects the current process with an amendment shaded in grey to identify the newly improved part of the process. This minor change to the current process has resolved the problem of missing quantities, as well as making the submission of quantities easier, as the uncompleted quantities are carried over and used as the basis for the next month's claim.
Finally, this particular project can be seen as being successful due to the following points;

- The project had a vision, and used guiding principles during the process.
- Staff were encouraged to identify factors and opportunity for improvements.
- More employee involvement meant empowerment and authority to make decisions.
- Staff involvement developed a better understanding of how the organisation functions thus making staff more aware of the impact on others.

Human Resource / Payroll Project

Background

As a result of being part of the RDC structure, Castlecorp is required to use the corporate Human Resources department for the provision of payroll and HR services, for which Castlecorp pay an internal overhead of $90 000 per annum. Over a period of time, staff involved in timesheet processing and job costing had encountered a number of problems, and as a result, these issues were raised at Castlecorp's monthly meeting. Specifically, the processes were seen as inefficient and time consuming. Errors were being found not only with incorrect coding of employees pay, but also with incorrect leave balances being given to employees. Following the issues being raised, a memo was sent to the Chief Executive with a view to beginning a Quality Improvement process.

The memo drew attention to the fact that gaps in quality performance had been identified, adding to a total picture of an organisation that, while not in crisis, certainly had room for improvement (Scheung et. al, 1993).

Recognising that customer requirements are constantly changing, the Human Resources services provided to Castlecorp must change, not only in response

not only to technological advances, but also to more demanding customers. Seeking better information, faster service, and a variety of enhancements of the core product (Lovelock, 1991).

The Project

Again, a team was formed and comprised a mix of all staff covering all steps in the process, together with the three departments involved in the provision of the service.

From the flow-charting that was used to chart the process, it was clear that the process was affecting both internal and external customers. Castlecorp's requirements for having accurate costing were being overlooked due to the payroll perception that the information was not required. This factor has a flow-on affect to external customers when job costings are based on incorrect information.

Team members were asked to bring alternative processes and ideas to a second brainstorming meeting once again, it was stipulated that no ideas would be rejected, and that all ideas would be documented for analysis, without judgement. As with previous meetings, everybody in the team had to be involved, as it was imperative to create the understanding that everybody could contribute, in their own way, to the higher overall quality of the organisation and process (Kunst & Lemmink, 1992).

The group then set about using a variation of the process decision program chart as a planning tool for displaying the sequence of actions, or decisions, needed to reach a desired result (Brassard et. al, 1994). When designing the new process, the tool provided the possibility of planning for, and subsequently taking care of, any problems that may have arisen.

The result and impact.

The use of the team approach to this improvement project had the following advantages over allowing individuals to work separately;

- A greater variety of complex issues, which were beyond the capability of any one individual, or even one department, were addressed by the pooling of expertise and resources.
- Problems were exposed to a greater diversity of knowledge, skills, and experience, and were solved more efficiently.
- The approach was more satisfying to team members, and boosted morale and ownership through participation in the decision making process.
- Improvement opportunities, which cross departmental boundaries, can be addressed more easily and potential conflicts are more likely to be identified and resolved.
- Team recommendations are more likely to be implemented than individual recommendations as the quality of decision making in good teams is high.

(Oakland, 2000).

Unfortunately, key members from the Human Resource department, including the manager, only attended one meeting. The result of this was no buy in from that department, and consequently, the inability to reach an effective solution due to the lack of involvement of a key stakeholder. A major barrier to the effective implementation of TQM in the public sector is contrapreneurship, that is, the active resistance to change (Morgan et. al, 1994). In this instance rather than embracing change, staff members have resisted, and rejected the concept of improvement in favour of the status quo. Some common points of resistance that may be applicable in this case include:

- A fear that widespread adoption of TQM may have an impact on staffing levels.

- A fear that their own sphere of influence and control may be affected as empowerment develops.
- Concerns about teamwork, coupled with a fear of skill inadequacy, particularly amongst peers and colleagues.
- The reluctance to accept full accountability for actions.

As a result of the project, the following recommendations were made based on the findings of the team;

1. Using the audit currently being conducted by Price Waterhouse Cooper as a baseline, a second audit should be conducted to analyse the effect of the new processes and to determine the scale of improvements which has resulted.

2. Using the Business and Annual plan process currently applied to other areas of Council, the Human Resource department, in consultation with its customers should develop measurable targets that will be reported on annually in order to accumulate hard data on the performance of the department. Currently, all other areas of the Tla are required by legislation to carry out annual / business plan target setting, monitoring and reporting processes. Due to the impact that the Human Resource processes have on the rest of the organisation, this target setting will have an increasingly important impact on the quality of the organisation as whole.

3. Considering the annual charges of in excess of $90 000 per annum, the writer believes that a written service level agreement should be formulated to document the measures and standards that are required by the customer Castlecorp. In this respect all stakeholders will be clear regarding the expectations that each party has, which will enable them to work towards meeting each other's needs and requirements.

Since the conclusion of the project, no changes to the existing procedures have been made, nor have the results of the Price Waterhouse Cooper audit been released.

A further memo was sent to the Chief Executive in December 2002 to encourage him to move the project forward and make the suggested amendments to the process, which would inevitably reduce operational costs, and smooth current processes. During the compilation of this research, an independent facilitator has been engaged to draft a preliminary service level agreement between the two departments.

Cross-functional co-operation is the hallmark of the modern quality model (Cole, 1999). It has developed through the recognition that many quality and productivity failures occur at the boundaries between functional specialities, white spaces on the organisational chart, and result from employees in different functional specialities failing to fully co-operate with one another (Juran, 1988). In this instance, due to the lack of co-operation between the departments of RDC, and the lack of commitment from key managers within the project, the improvement process was doomed to failure. This unsuccessful attempt at improving the quality of the organisation will have had a negative impact on the organisational memory, and will foster distrust among employees when future quality initiatives are proposed.

The previous section illustrates that, in theory TQM promises teamwork, empowerment, customer focus, and problem prevention. In reality, these ideas are rarely achieved if the concepts are reinterpreted by managers who are reluctant to give up power, and are driven by short term considerations. Accordingly, to achieve TQM and the potential benefits that the theory offers, a comprehensive implementation plan is required, one that counters the above barriers, and is modified to be specific to territorial local authorities. This would transform the RDC into an organisation committed to quality.

3.4 CURRENT PERCEPTIONS OF QUALITY.

The Literature Review section of this research has been devoted to establishing a brief theoretical concept on teachings and international examples, while the last section dealt with Quality initiatives over the last decade. This next section of the case study of RDC serves as a second source, mainly to validate and enrich the findings from the review of past initiatives. As such, the interview and data collection research has been conducted in a more casual and free form style, aiming to generate descriptive accounts of the organisation. Although semi structured interview questions were used (Appendix I) with 31 staff members, in general the interviewees were encouraged to provide critical incidences or interesting stories, rather than to adhere strictly to the question formats. A more casual approach often elicits a great deal of useful information that may not necessarily surface in a more structured environment.

This section summarises the results of the interviews undertaken to evaluate the current level of knowledge of quality systems within the organisation. The findings of this study broadly mirror the experiences of other organisations, and concur with teachings of Quality as covered within the Literature Review.

In general, those interviewed appear to be prepared to take ownership of initiatives, which will improve the quality of services received by the customers of RDC. There appears to be a genuine desire on the part of council employees to open up their operation, and they suggest that good corporate communication across all departments of the organisation may hold the key to realising the implementation of TQM.

Overall the baseline evidence from the survey and interviews suggest that respondents believed that:

- There was agreement by all staff that the term Quality was extremely relevant to both RDC as an organisation, and to each of their areas of responsibilities and individual duties.

- The initiatives undertaken in the past have had an impact on how the organisation views quality today, that is, Quality Initiatives of the past have had an impact on organisational memory. An important factor to consider when developing a path forward for Quality in RDC. (Section 4.1)

- There was widespread scepticism regarding the introduction of an effective Quality Management System. This has probably evolved from past experiences of Quality Initiatives, or awareness of such initiatives and their subsequent failure.

- The awareness of the impact of the Local Government Act 2002 on Quality is clearly recognised, if not, clearly understood.

- Officer's perceptions of organisational performance were positive, however, there is widespread acknowledgement by all respondents that RDC holds numerous areas of opportunity for improvement.

- A high proportion of senior officers are aware of the RDC strategic framework, notwithstanding that most of their targets are not aligned to organisational efficiency.

- There was some evidence of tangible improvements in performance, and many officers expected future improvements by way of quality initiatives and interdepartmental teamwork and co-operation, thus maximising the use of in house knowledge and resources.

Interviewees were asked a range of questions about their use, experience and views of Quality, and their perceptions of possible linkages to Corporate strategies and current legislative requirements.

The following outlines the key responses made by interviewees when asked to describe the meaning of the word Quality, and its relevance to RDC.

Efficient & Effective	*42%*
Meets Needs & Standards	*32%*
Right First Time	*29%*
Best Service	*29%*
Value for Money	*23%*
Pleasurable	*19%*
Consistent	*19%*
Built for Purpose	*13%*
Other	*14%*

Table 9. Definitions of Quality.

The notion of quality evokes a broad range of responses that is, in part, due to the nature of the services being offered, and the fact that definition of quality may vary from person to person and situation to situation. The interviews did indeed demonstrate a broad range of responses, however, the majority of responses are summarised by the eight statements above. Perhaps the two most succinct responses that summarise all other responses were:

"Meeting the needs of all stakeholders in a cost effective manner."

"Effective solutions that cost effectively meet the communities' and the organisations needs and aspirations."

When asked about their familiarity with the Rotorua District Council Strategic Plan (Appendix A). Although most were aware of the document, or had seen

it in the Annual Report or Business Plan, very few had read, or could be said to have an in-depth knowledge of its contents.

Yes	No
74%	26%

Table 10. Familiarity with Strategic Framework.

All managers answered "yes" to the above, possibly due to the fact that, during the Annual Planning process, they are required to match their annual targets to a specific strategic goal. However, very few goals are linked to goal F, "*an efficient effective and responsive organisation*". The annual targets are externally based goals focussed on the external environment, rather than organisational goals affecting the internal environment within which the staff work. In the 2003 / 2004 Rotorua District Council Annual plan, of the 280 targets outlined, only 17 relate to goal F2, "*an organisation that does the right things right and continues to improve*" (Rotorua District Council, 2003).

With the introduction of the Annual and Business planning process, RDC, as with most local authorities, has established a more performance or results based methodology to assess the actual outcome of their Local Government services. However, the Local Government Act 2002 states that Local Government must "*ensure that effective and efficient management of the activities of the local authority and maintaining systems to enable effective planning...and service performance of the authority*" (p.35). The focus has now shifted from an output basis to a focus on primarily process, which could result in a shift in the annual goal setting process in order to attribute more results to F2.

All but two respondents could recall at least one interdepartmental improvement project that they had been directly involved in during their employment at RDC. The projects ranged from Quality initiatives discussed in earlier chapters, to strategic planning and software implementation involving two or more departments of the organisation in a collective improvement project. Of their recollections, only 27% believed their particular projects or initiatives were unsuccessful, indicating nearly three quarters of the projects initiated met their intended objectives.

The identification of key factors for success or failure of projects are grouped in the following table, demonstrating that single factors can either have a positive or a negative impact in determining the ultimate success of any Quality Improvement Project.

Open / Resistant to Change	*87%*
Participation / Buy In	*84%*
Management Support	*68%*
Process Identified	*45%*
Defined Outcomes	*45%*
Motivation	*29%*
Champion Identified	*23%*
Defence of Area	*20%*
Team Membership	*19%*

Table 11. Key Factors of Projects.

The key factors noted above will be discussed further in chapter 3.5, Barriers to Quality Government.

Interviewees were then asked to identify from a list, typical quality tools that they had used in the past.

Brainstorm	*100%*
Flow Charting	*90%*
Affinity Diagram	*61%*
Ishikawa	*45%*
PDCA	*42%*
Interrelation Digraph	*23%*
PDPC	*13%*

Table 12. Use of Quality Tools at Rotorua District Council.

On the whole, a large proportion of staff members had used the above tools in the past, some within actual quality projects, and others during their day to day work, using these methods as evaluation tools. Through this interview process, a number of staff expressed a keen interest in the tools and techniques, identifying possible projects and situations where the tools may be of use for them in the future.

Interviewees were then asked if they thought there were any opportunities within the RDC to use these techniques and establish quality improvement projects. All respondents agreed that there were multitudes of examples where these techniques could be employed to improve the current performance of the organisation. The thought of interdepartmental groups forming to improve processes appealed to all, and seemed to be met with

enthusiasm at the prospect that such strategies could be pursued. Some examples for projects that were given included:

- Formulation of Asset Management Plans.
- Lake Water Quality Task Force.
- Building / Engineering Consent Process.
- Event Group Management – single point of contact.
- Development of Long Term Council Community Plan.
- Improvement of training and Human Resource Processes.

All agreed that the organisation had a huge resource in it's staff and that in some cases, many employee skills were untapped, and could perhaps be better utilised across the organisation, as opposed to being trapped within their individual departments. The concept of building better interdepartmental relationships, and maximising in house resources and skills, seemed to be the focus of most respondents' comments.

Finally, staff were asked if they saw the new Local Government Act as having any relevance to Quality in Local Government.

Yes	No	Unsure
71%	0%	29%

Table 13. Relevance of the Local Government Act 2002.

Clearly most agreed that it was particularly relevant. 29% of respondents were unsure of what the act entailed, and were therefore unable to answer the question. By far the majority of respondents referred to the Act's requirement for increased community consultation and communication as major factors

affecting the organisation. Interestingly, one officer agreed that the act would have some relevance to quality but qualified the statement with "....*only to a certain point, as there is no dollar driver to force improvement*". This statement will be discussed further in a later chapter as one of the barriers to quality within local government.

At the conclusion of the interview process, interviewees were given the opportunity to make general comments that they thought may be relevant and useful to the study being conducted. As a consequence these comments were sorted by using an Affinity Diagram process which identified two key themes from the discussion.

Firstly, a number of the interviewees focussed on the inability of local authorities to pursue Quality improvement programmes due to the lack of drivers. The dollar driver of the private sector was not applicable, and a number of staff believed that their time was already fully committed to their individual duties without adding extra pressure by being involved in interdepartmental projects examining processes and Quality issues.

Secondly, some staff were obviously enthusiastic at the prospect of being involved in interdepartmental teams to better improve the workings of the organisation. Several quoted instances where such projects had lead to successful implementation of systems within the organisation, and are now being adopted by other local authorities.

It appeared that employees who had actively taken part in such projects were optimistic about future projects, as they had benefited either in the outcome of the project, or through personal development of the individual staff member. Conversely, those who were employed during the time of these projects, but were not directly involved, had somewhat negative attitudes towards the concept of quality projects. In their eyes the projects were failures, and any future attempts would have a similar result.

3.5 BARRIERS TO QUALITY GOVERNMENT.

As stated earlier, TQM is a philosophy rather than a management technique or tool. Therefore, the goal of achieving successful TQM in any organisation is a long-term endeavor. Failures are typically reflections of misunderstandings about the central philosophy of TQM. Applying efficiency and effectiveness strategies to public sector organisations, including TLAs, presents unique challenges. Based on the principles and preconditions identified in earlier chapters, three main categories for barriers to successful implementation of quality strategies exist for RDC. They are

  i.   Customer Issues
  ii. Political Issues.
  iii. Financial issues.

While some of these issues apply equally to any organisation wishing to pursue quality strategies, observations suggest that there is a unique context for motivation in public organisations, highlighted by some issues applicable only to TLAs. There are dangers in simply translating Quality Management approaches from the private sector, due to the diversity and nature of services offered, and the context within which the public sector operates (Ghobadian & Speller, 1993).

Customer issues.

Just as in the private sector, public sector management, in considering the adoption of quality strategies, needs to recognise that there are a variety of customers and stakeholders whose needs are required to be met. Peculiar to the public sector is that the customer is not always clearly definable. For example, the customer could be the ratepayer, the politician, the developer, or all three. The latter scenario results in more complex situations, where the

requirements of government's various customer groups often conflict, and must be referred to the political or legal process for resolution.

An example could be the current Airport extension proposal by the Rotorua Airport Authority (a wholly owned subsidiary of the RDC). In this instance, several groups of customers are present, including:

- Ratepayers and community associations.

- Aviation Authority.

- Airlines.

- Tourism Operators.

- Environmentalists.

- Tangata Whenua.

In cases such as this, not only is the definition of the customer a problem, but so too are the differing needs and priorities of each customer group, and the ability of each group to leverage the situation to maximise their cause. In a number of situations, laws exist which effectively state what the priorities should be, however, a second source of guidance for the public sector is the concept of fairness or equality within the community (Reynolds, 1994). This is unique to the public sector, and as such, needs to be considered as part of the quality implementation plan.

A second problem relating to customers, which is unique to the public sector, is that if customers are highly satisfied with the service, they may demand more. Following on from the example of the proposed expansion of the Rotorua Airport, this project could result in greater demand for longer opening hours, expansion of the facility for international travel, and facilities for example improved transport, parking, and support services to cater for more patrons. A problem with the public sector is the need to control demand to avoid budgetary expansion, as increased demand for services to the

customer will ultimately require a greater requirement for rates from the community.

i)   Political issues.

A major barrier to accelerating quality management in government is the lack of strong consensus among top officials. Their short tenure, and their responsibility to the administration or the constituents, tends to cause them to focus primarily on policy issues and political considerations (Mizaur, 1992). With tenure of elected officials being three years, TLAs have difficulty in maintaining the integrity of long-range change efforts, such as Quality Management Programmes. The problem is that as TQM is a long term objective, most outcomes will not be achieved within the term of an elected official. Furthermore, the politicians who determine policy are not elected by virtue of their management expertise, and may not be sympathetic to quality policies. Conversely they are more likely to negotiate with management officials around budgets and regulations, which deflects attention from service delivery.

Secondly, the public sector does not always have a clearly identifiable product. In fact, TLAs may not always be able to produce explicit statements of objectives, as the values that underpin the public sector include a demand for equity as mentioned earlier. The role of government, as protector and enforcer of equal rights for citizens, mandates careful due process systems, while efficiency is secondary to ensuring a full and fair opportunity to be heard. These differing roles require complex and dynamic political processes by which the organisation operates, and involve many participants with inherent shifting agendas.

The external environment that Local authorities operate within will continue to change, placing unique and differing strategic problems before the

organisation. Recent examples of where external bodies (central government) have imposed structures, rules and procedures, can be seen in the changes to legislation regarding Dog Control, Prostitution, and Gambling Control, to name a few.

Finally, the external political climate, including public attitudes towards taxes and government employees, has an impact on the multiple conflicting and often abstract values that TLAs must pursue. Beliefs about the effectiveness of public organisations, and their performance in comparison to business firms, are important parts of the culture of New Zealand and other countries. These beliefs and perceptions have, and, will continue to influence major political developments. The introduction of the Local Government Act 2002 in part addresses these perceptions of the effectiveness of Local Authorities.

iv)   Financial issues.

As mentioned in the last chapter, one interviewee commented on the absence of a profit element in the public sector being a hindrance to the implementation of quality systems. Certainly, from a commercial sector point of view, striving for top quality products or services means retaining and attracting customers, therefore generating more business, increasing market share, and ultimately improving the bottom line. The absence of a profit motive may mean that the incentive to achieve quality may not be as high if there was a balance sheet demonstrating what has been achieved. Further to this the absence of the competitive global marketplace which provides incentive for radical change is missing in government. Consequently, it could be argued that where an organisation is a monopoly provider of a service, there is less incentive to improve quality. Many public sector organisations are monopoly suppliers of goods and services, therefore, if the customer is not satisfied with the service, they cannot go elsewhere (Lawton & Rose, 1994).

However, the writer believes that with the absence of economic markets for the outputs of public organisations, a greater community need for transparency and Quality initiatives should drive the Local Authority sector towards Quality Improvement strategies. Given that TLAs are monopolies operating in an open market environment, it makes it all more important that they encompass the precepts of quality, and in doing so they can pass the benefits onto stakeholders and communities.

Finally, the fiscal pressures which currently exist in local government look certain to frustrate service quality improvements. The pressures occur through increased rates requirements, which are a result of increased participation, together with the operating costs of a quality programme. Further resource constraints also force local government into increasingly difficult priority decision making.

It must be recognised that the adoption of the TQM approach initially involves an increase in activity. Most enterprises that are about to embrace TQM have been bought to that point due to a level of dissatisfaction with their current situation. This usually means that resources are already over committed through their attempts to overcome their problems through a traditional approach. As time passes, and this creative effort has the desired effect of reducing problem solving and routine work, the work load returns to normal levels. However, the increased proportion of creative activity adds new dimensions to the work life of all people at every level of the organisation. Again, the initial motivation for change, and the commitment to TQM in the early stages, must be strong enough to move past the hump in effort, in order to bring about sustainable change throughout the organisation (Excellnz, 1996).

Overall, local government does not provide the most propitious environment for the introduction of TQM and the pursuit of continuous improvement, however the need is painfully obvious (Macdonald, 1994).

While some barriers to quality present unique challenges for local government management, many techniques of quality management are interchangeable, even though private companies and local government are governed differently. While local authorities operate within a more rigid set of constraints than private companies, tools and techniques offered in earlier chapters enable TLAs to establish quality improvement programmes which recognise countermeasures for such differences. Private organisations are constrained primarily by the bottom line, and secondly, by a system of law, whereas local authorities are constrained primarily by an extremely inflexible set of rules and procedures. The public sector manager must understand these differences, and must learn to operate within these said constraints. Applying a TQM model needs to be a gradual process, and the main difficulties lie in areas relating to human resource management, financial constraints, customer definition, and the political process. Experience has shown that introducing TQM does not lead directly to total improvement, but does stimulate organisational change towards quality improvement (Merino-Diaz de Cerio, 2001).

3.6 SUMMARY.

This section has documented two distinct eras of Quality initiatives within the RDC together with current thoughts based on the interviewee's career experiences as well as the prior initiatives. There was evidence throughout the organisation of small continuous improvement vehicles, the characteristics of which are improvement projects used by individuals focussed on local

improvements, operating on a short time scale, and with relatively low impact and resource requirements (Povey, 1996).

Success was dependant upon a number of factors, while most failures occurred because the organisation did not integrate their TQM efforts with their management practises to achieve strategic business objectives. A more focussed approach to TQM would ensure that quality initiatives must be targeted at improving those processes that have the greatest impact on what must occur for the organisation to achieve its objectives (Brelin, Davenport, Jennings & Murphy, 1994). These key processes are typically cross-functional in scope, involving a number of departments or divisions in the delivery of the services, which are most important to the organisations customers.

As Castlecorp discovered with the initial introduction of the ISO certification, Quality Management cannot be purchased and installed like a piece of computer software; moreover, implementation is like planting a garden (Drummond, 1992). The involvement of employees through properly organised small teams is not only an effective motivational device, it can also reduce any potential resistance to change. Experience has shown that a powerful way to decrease resistance to change, and increase the chances of successful implementation, is to increase the participation of employees in making decisions about various aspects of the process. There are actually two rationales for employee participation (Packard, 1995). The more common reason is to increase employee commitment to the resultant outcomes, as they will feel a greater sense of ownership of what is decided. The second rationale is that employees have a greater knowledge and skill relevant to the issue at hand and their input should lead to higher quality decisions.

While some of the previous quality initiatives results were less than satisfactory, the temptation is to blame the total quality movement as a whole, whereas the root cause for poor results is not that simple. There are 3 fundamental

reasons why TQM efforts in the past did not accomplish important business goals.

1. They were not focussed, meaning that TQM was applied sporadically with little regard to the core processes which were most important to the customer.
2. Senior executives were not intimately involved in managing quality, nor did they exhibit true commitment to the concept of continual improvement.
3. Individual employees were not involved, nor empowered to turn the vision and strategy into a reality.

The next section will look to provide an in depth implementation plan to enable RDC to receive substantial results from their quality efforts, while identifying potential barriers to successful implementation. The plan contained in the following section will provide an outline of a Quality Path for the organisation, using the previous initiatives as a foundation on which to build a new and improved initiative designed specifically for the RDC.

4.0 A QUALITY FUTURE FOR ROTORUA DISTRICT COUNCIL.

This section will propose a Quality Implementation Plan that is formulated on the research contained within this report. Within this chapter, Quality techniques and tools will be translated into a specific strategy that can be applied at RDC, which will lead to a fusion of existing approaches and the underlying culture of the organisation, and the formation of a process superstructure of continuous improvement.

In building this quality culture, the intention is not to create a fanatical workforce commitment, it is more about abandoning outdated business and management assumptions and practices.

Improvement for RDC requires certain fundamentals to be in place if the organisation wishes to succeed. The international standard ISO9001:2000, promotes the adoption of a process approach when developing quality management systems to enhance customer satisfaction. The process approach can be defined as the application of a system of processes within an organisation. The fundamental concepts for this approach are;

- Using the customer perspective to drive improvement for both internal and external customers.
- Involving the entire workforce in the improvement.
- Having effective measurement systems in place.
- Creating the right environment for innovation.
- Understanding the tools and techniques of improvement, and knowing how and when to use them.
- Understanding and continually improving core businesses processes.

(Povey , 1996)

A key to successful quality improvement is the alignment of the organisation's vision and goals to the quality strategy. To this end, a reference model is

provided as a framework for continuous improvement, and offers a series of guidelines to help bring all members of the organisation together in the pursuit of a common goal.

This paper offers a model that integrates the planning for TQM and corporate strategies, and emphasises the complementary relationship between the two approaches. The model is based on the concept of identifying the overall process superstructure linking organisational goals which aid in translating customer requirements into service delivery. The application of this conceptual model, illustrated in Figure 8, proposes the use of a quality management plan for assessing the appropriateness of developments based on the organisational culture and strategic goals for that process.

The intention of this model is to focus quality efforts, and to put the emphasis on managing key business processes, rather than taking a functional approach that matches the organisational chart. In doing so, the approach must be targeted to improve those vital cross-functional business processes, which will result in a better service for the customer.

The model identifies current business activities already taking place, such as the principles and commitments, with further improvements identified by those steps highlighted, which are basically a lack of identified processes. It will be the introduction of these steps that will help develop an organisational philosophy based on problem solving using data, while building upon the involvement and participation from top management to the shop floor, focussing on the customer, comprehensive monitoring, and supportive management systems (Sainfort et. al, 1997).
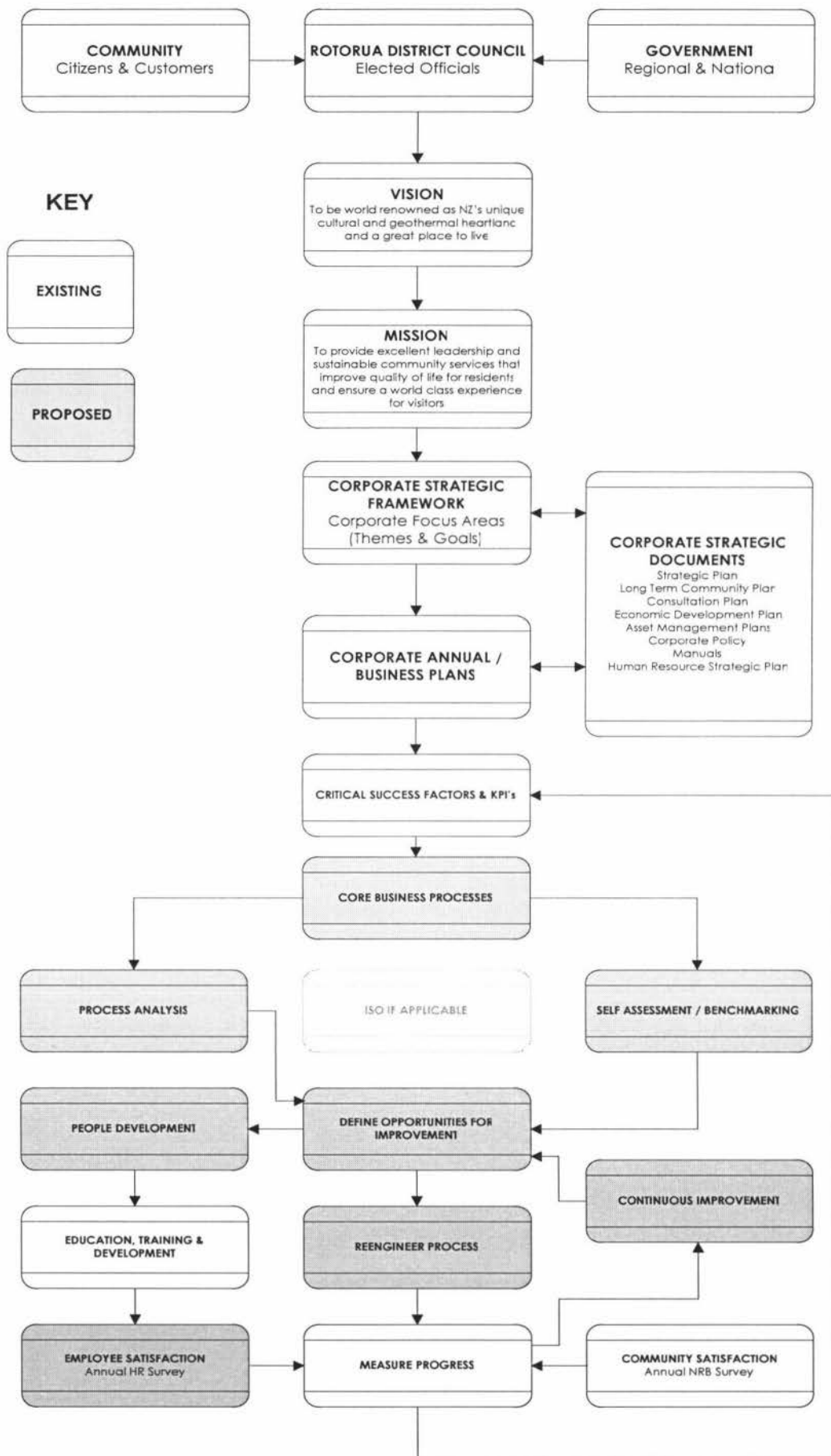
Figure 8. Strategic Integration Model.

4.1 Proposed Quality Management Plan.

The focus of this Quality Management Plan is on the integration of new operational techniques with strategic management, and the development of policies and practices centred on internal and external customer co-operation and engagement. This involves the management of belief systems, and the enlisting of all levels of employees in the systematic search, assessment, and adaptation of organisational processes for the strategic objective of gaining efficiencies, cost reductions, and better quality services. Figure 8 has identified a strategic integration model for the RDC that assesses the organisation's current readiness with respect to total quality integration, and identifying a number of key processes needing further development to successfully achieve a fully integrated quality model.

To be effective, TQM must pervade every aspect of the organisation, and to operate effectively in the long term. It may require a radical change in management practice as well as a radical change in organisational culture and philosophy, although some parts of the organisation have been receptive to such philosophies in the past. As discussed in earlier chapters, public sector organisations deserve special attention as far as the implementation of quality practices is concerned. The effectiveness of these organisations affects the quality of life of the community, and the tax burden for both industry and individuals.

Successful implementation requires initiatives ranging from quality planning at the strategic level, to full integration of quality principles in daily work. The recommended path to realise TQM implementation is through successful visible team based projects. However, full TQM implementation cannot be limited to ad-hoc team based projects, which has occurred in the past. A full transformation will occur when the principles of TQM are integrated into daily work at all levels of the organisation and when there is an alignment of

organisational systems directed to meeting external and internal customer needs. Evidence of this transformation can be found at Castlecorp where the quality principles have, in part, been integrated into daily work.

To aid in the development of a Quality Plan, Figure 9 is used to depict the issues and problems that have been identified which have, or will have an impact on existing and proposed Quality initiatives within the RDC. To offer better quality services to the ratepayers and residents of the district by introducing Quality Improvement as a broad strategy, the organisation has a number of interrelated issues, which have an effect on, or are drivers of, the introduction of the Quality Plan.

The Interrelationship Digraph (Brassard et al, 1994), (Figure 9), represents the intertwined relationships that exist between the important items that the RDC needs to consider in the implementation of Quality Improvement Plan. The arrows on the diagram indicate cause and effect relationships among a number of problems and issues facing any such implementation plan. In saying this, the number of arrows provides an indication of the severity of the problem, or scale of the issue, as it relates to the Quality Implementation in its entirety.

The development of this diagram has allowed the writer to clearly identify the issues, while simplifying the same issues to several key factors and their contributors. The Interrelationship digraph has been used to identify the key issues facing the RDC's desire to implement quality systems, enabling resources to be focussed on addressing the key issues as a priority, as the key issues represent the greatest gains with respect to any implementation initiatives.

Figure 9. Interrelationship Digraph.

The specific key issues regarding the introduction of a Quality Improvement Plan for the RDC include:

- The Development of a Quality Policy.
- Management Commitment.
- The Diverse Workforce.
- Interdepartmental Co-operation.

Further to this, recognising that the RDC is diverse in nature, work groups and employees, this diagram provides an opportunity to clarify, for all levels of staff, the issues facing any implementation programme. In this respect it has the ability to simplify the explanation of complex issues to the organisation's wide audience.

Using Figure 9 as a basis for analysis, the following implementation plan has been developed as a Quality Improvement path for RDC.
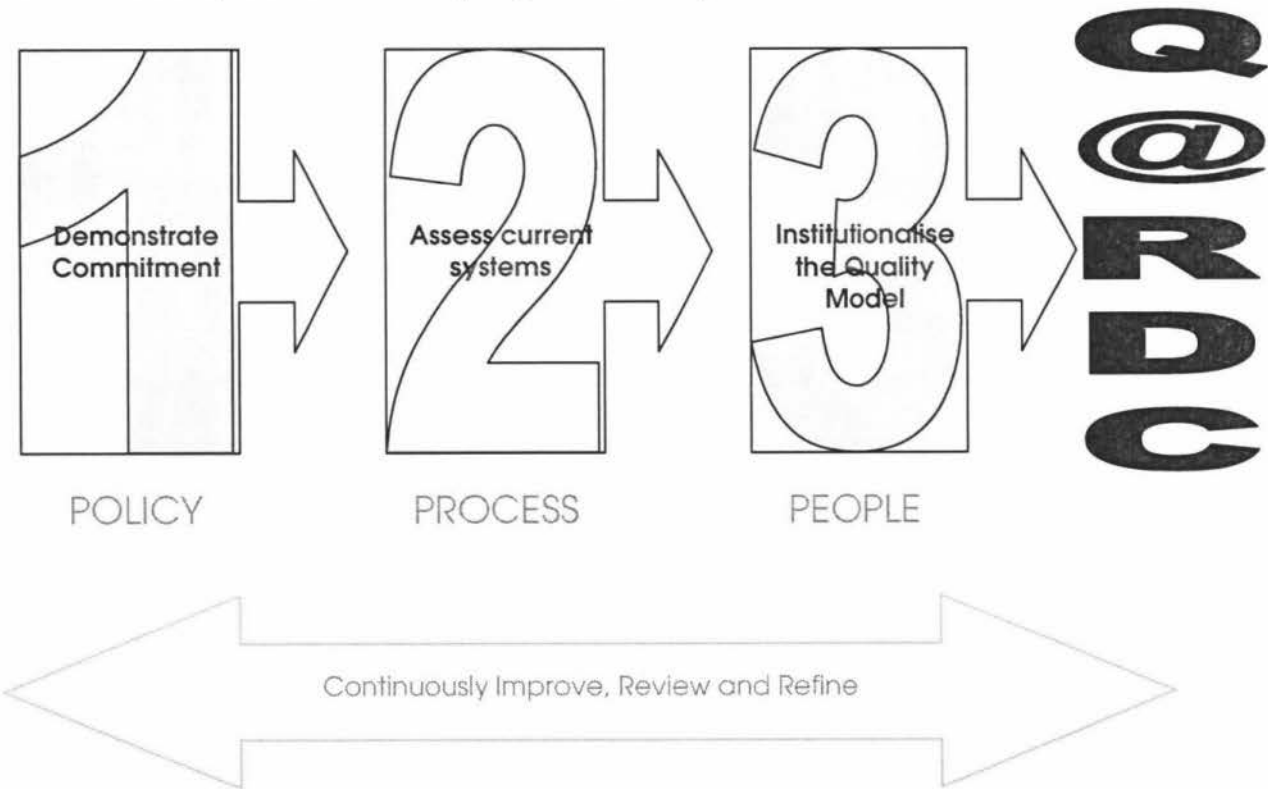
Figure 10. Implementation Plan.

The following sections outline a quality management plan that will provide guidance in making these fundamental changes to the organisation including its workforce, management, structure and culture.

4.2 Step One – Demonstrate Commitment.

The decision to introduce TQM to RDC as a whole, rather than in parts, can only be taken by the chief executive officer in conjunction with the senior management team. They must devote time to learning about the subject, including attending training courses and conferences (Dale, 2003). The Chief Executive and the senior managers are to be the gatekeepers of the system, and, as such, the transition will only begin when they themselves open the gates to cultural change. (George, 1992)

To ensure that senior management focus their attention on the issues of continuous improvement, and demonstrate commitment, they should (following Salenga & Fazel, 1996):

- Communicate their commitment throughout the organisation.
- Commit to the long-term plans for TQM, and not expect immediate financial benefits.
- Learn about the new model through training seminars, and study leadership styles of successful organisations.
- Establish a position of Business Systems Manager, identify champions, and begin to establish Quality assessment teams to lead the organisation.
- Encapsulate the organisation's existing vision into a guiding Quality Policy.

Without strong leadership, and support from top management, TQM initiatives are not likely to succeed, as evidenced in earlier efforts in Chapter 3. The commitment through policy exists in the strategic framework (Appendix A), however top management must clearly communicate the goals and benefits

of implementing quality systems to the workforce. The alignment of the reward structure with the goals of the organisation is currently in place through the pay for performance scheme (Appendix D), and is vital to the project's success, however, communicating the links and actual goals need further development. Quality Management requires the commitment, confidence and conviction of the senior management team. While everyone in the organisation has a role to play in continuous improvement, earlier efforts were disjointed or spasmodic, as senior managers had not made the organisational requirements clear. Real commitment was not evident, resulting in the improvement process stagnating, and disillusionment set in amongst employees, as was evidenced in responses during interviews undertaken at the data collection phase.

Although the introduction of Quality management is a long-term venture, there will be achievable benefits in the short-term, provided that the introduction of Quality Management is soundly based. Senior managers have the ability to create an environment in which;

- People can work together as a team, and teamwork becomes an integral part of business activities.
- People co-operate with their peers, and teams work with teams.
- Mistakes are freely admitted without recriminations, and are perceived as opportunities for improvement.
- People are involved in the business through decision-making, and genuinely own the process.
- People improve the processes under their control on a continuous basis.
- People direct their attention to identifying, satisfying, delighting and winning over their customers, whether they be external or internal.
- Departmental boundaries between functions become non existent.

Potentially, another visible way to demonstrate the executives' commitment to the quality effort, is to establish the position of Business Systems Manager,

which symbolises the commitment to quality, and demonstrates the high priority placed on the initiative. It could be argued that the appointment of a quality manager is contradictory to TQM philosophy, which stresses that quality is the responsibility of all employees, and that the appointment of a Business Systems Manager merely allows other managers to abdicate responsibility for improvement. While this view is by no means unfounded, the stance taken in this paper is that what matters is the level of organisational commitment and the determination to effect change. If the employment of a Business Systems Manager is to be seen to be doing something, or is intended to effect a magical transformation with only rhetorical support from senior management, then the appointment is bound to fail because the commitment is non existent. If on the other hand, the organisation is genuinely seeking improvement, then a Business Systems Manager can play an extremely useful role, especially in the early stages of transformation.

The role of the Business Systems Manager can only be effective if suitably empowered, and as such should,

- Report directly to CEO.
- Be a member of the management team.
- Share responsibility for strategic management.
- Be briefed to be involved in all aspects of quality of the organisation.
- Be properly supported by qualified staff and other resources.

The role of the Business Systems Manager is to enable other managers in the organisation to continuously work towards improvements. The Business Systems Manager's functions would be to;

- Encourage and facilitate quality improvement.
- Monitor and evaluate quality initiatives and progress towards attainment of improvements.
- Encourage the development of good relations with customers and suppliers.
- Plan, manage, audit and review quality systems and procedures,

- Coordinate, facilitate, or provide training in all aspects of quality.
- Provide advice to managers and employees upon the establishment of quality systems and their control.
- Disseminate information pertaining to quality, and make recommendations for quality improvement.

Effective committed leadership is the first step to successful implementation, and management commitment to improvement, reinforced through the establishment of the Business Systems Manager's role, will break the organisation away from its traditional form of management. The next step is analysing the suitability and preparedness of current systems, with the object of creating a flexible framework as a basis for system improvement.

4.3 Step Two – Assessment of Current Systems.

The second step in the methodology begins with identifying the current organisational status with respect to;

(a) Organisational processes.
(b) Stakeholder perceptions.
(c) Human Resource systems.

(a) Organisational Processes.

As required by legislation, all local government organisations in New Zealand have spent time and money on formulating strategic, annual, and business plans, with the most recent requirement being the development of a Long Term Council Community Plan (Section 93). Quality Management takes a systems (holistic) view of an organisation and its component parts, a perspective which will become more prevalent in Local Government with the development and implementation of Quality Management Plans.

To date RDC has measured its success through the achievement of key success factors laid out in the Annual Plan. However, these key success factors are not enough to enable the management of Quality systems, as they are outcomes. They are not the 'how to' of the organisation, therefore they are not directly manageable. Even though RDC has an impressive record of achieving the outcomes, focussing on the processes that lead to these outcomes will ensure that the key success factors are met in the most effective and efficient manner. Parry (1998) confirms that the challenge for senior managers in New Zealand TLAs revolves around the leadership issues of processes and outcomes, rather than the management issues of inputs and outputs.

A process is defined as an interrelated series of activities that convert business inputs into business outputs (Salenga et. al, 1996). Processes to be considered are those, which are central to the achievements of the organisation goals, and those, which are important to the customer. Once processes have been identified, there is a need to evaluate the relationships between the processes and the goals to determine the importance of each process in achieving the desired organisational goals. This analysis will result in the most critical processes being identified, prioritised, and time frames for change established. To aid this analysis, the writer suggests that the newly formed Quality Teams use a process prioritisation matrix, (Appendix J), to identify those processes that will have the highest potential payoff when improved (Brelin et al, 1994).

When identifying the processes, some thought is also required as to how the processes are intertwined within the organisational structure. Some managers of departmental hierarchies are often rewarded for optimising their functions in ways that often lead to suboptimisation for the whole organisation.
The modern approach to quality seeks to manage and improve work processes that span functional boundaries. (Rainey, 1997) Any organisation is

a system, a human activity system, therefore, any improvement activity should not address a process in single isolation without considering the effect that it will have on other parts of the system (Povey, 1996). Figure 11 diagrammatically represents the stages of optimisation that organisations typically go through. Here the role of the Business Systems Manager can be used to bridge the interdepartmental gap between the functional boundaries, where in traditional functional organisations such as RDC, the unmanaged white space between departments is where many problems occur.

SUB-OPTIMISATION AT DEPARTMENT LEVEL
Departments improve their own individual performance, but are focussing on what is important to them, not to their function.

SUB-OPTIMISATION AT FUNCTIONAL LEVEL
Departments now aligned with each other and with their functions, but corporate functions are not aligned.

FULL OPTIMISATION WITH STRATEGIC ALIGNMENT BASED ON THE CUSTOMER
Departments and Functions now aligned and improvement is focussed on the customer, ensuring strategic benefit to the organisation.

Figure 11. Optimisation with Strategic Direction. Cited in Povey p. 25

Communication of the corporate goals is also important to express guiding values, which can stimulate, and generally orient employees, to their organisation's mission. In addition, clarifying goals for individuals and work groups can improve efficiency and productivity. Focussed quality management reflects the way the services are delivered to meet the customer needs. By focussing on cross-functional processes rather than functional outcomes, the probability of meeting strategic business goals and satisfying the customer with higher quality at lower costs is increased.

(b)Stakeholder perceptions.

The best organisations are those that constantly receive information from all stakeholders, listen carefully, and develop solutions based upon the diagnosis. Stakeholders, including suppliers, customers, employees and communities, provide the information by which the organisations can resolve problems. The key to quality management is to listen to stakeholders, to seek first to understand, then to be understood (Shelton, 1995).

Customer based strategies should be the focal point of every quality improvement programme around which all other strategies are formulated. (Salenga et al, 1996). Customer satisfaction is only likely to be achieved and maintained, when the customer plays an active role in the organisations process of quality improvement. This is achieved by using customer surveys and needs analysis. To date, the organisation has been proactive in its approach to customer focus, with regular feedback through Annual Plan submissions, Annual NRB Surveys, strategic plan preparation, and more recently, the Bright Futures public survey (2003). With the formation of the Long Term Community Consultation Plan concept contained within the Local Government Act 2002, this is likely to continue, with increasing need for regular feedback and communication with the community.

However, with questions being raised over the necessity of Annual Surveys, (Appendix F), a critical objective of this implementation plan is to strengthen constant data collection, together with consultation with the community to ensure the success of the programme, and maintain a quality improvement path sympathetic to the community's views.

A second though equally important customer is the internal customer. Organisations with poor internal customer relationships stand little chance of improving their performance in satisfying their external customers. To date, RDC has failed to recognise that their services are delivered through a series of processes, all of which affect the final service delivery to the external customer. It is, therefore, equally important that the support functions within RDC are surveyed for data on levels of internal customer satisfaction. Once the quality of internal services is improved, the improvement of service to external customers will then tend to be easier and self-generating (Holmes, 1992). In every organisation, even if one department has the primary responsibility for service delivery, others have a role to play, from Payroll and HR to Accounts and IT. Unfortunately, most organisations, and consequently most quality efforts, pretend that the world looks like the organisation chart, which leads to predictable results.

(c) Human Resource systems.

The third and final critical consideration is that of employee based strategies, which means developing and maximising the participatory role of workers. Strategies such as teamwork, empowerment, and cross training, will result in employees having greater job responsibilities, increased decision making authority, and increased motivation and sense of pride in their work.
RDC has traditionally supported training and employee development through specific training, as well as generic courses, such as problem solving, customer service and process management. However, to date, the following

factors have inhibited the maximum development of the TLA's greatest resource

- Lack of Succession Planning.
- No review of the suitability of training.
- No co-ordination of activities or training.
- Not maximising the in house resources.

It is clear that the quality of local government services is crucially affected by the motivation and morale of staff. The uncertainties of external and internal environments, triggered by politicians at a local and national level, can frustrate the development of staff motivation.

Macpherson (2001) argues that attention to Human Resources performance is more critical in non profit organisations, where human costs can account for 75% of overall costs, and human assets directly affect performance. By comparison to capital based organisations' human resource costs may be less than 15% of total costs. Acknowledging the importance of Human Resources to the overall performance of the organisation, the writer suggests, as part of the assessment phase that a survey be launched of the organisational climate, asking staff for their views on how the organisation functions. This is one approach for assessing culture, and will ultimately measure cultural shift over time as the quality systems develop.

During the data collection phase, a number of respondents remarked on the under-utilised talents within the organisation, which could be harnessed to improve organisational effectiveness. The key to this implementation plan is in enabling employees to develop and utilise their full potential, while maintaining their alignment with the organisations objectives.

4.4 Step Three – Institutionalising The Model.

The study argues that TQM, when implemented in a certain cultural context, leads to a fusion between the underlying cultural values and the fundamental TQM principles, thus creating a culture-specific TQM, which has its own ways of operation and manifestation leading to the fundamental objectives of quality improvement (Stahl, 1999). Whether TQM will sustain or fail relies largely on how it fuses with the quality climate, which in turn is influenced by the organisational culture.

Institutionalisation can be enhanced by staff learning how to improve their performance, and management learning how to be more responsive to staff and the community. Leaders help staff develop their own visions, and align these with the organisation's vision of quality. As one improvement project is completed, another will most often be revealed. The opportunities for improvement are usually not difficult to see, evidenced by the suggestions put forward during the interview process.

The successful implementation of TQM requires a supportive culture, the characteristics of which include shared values and beliefs, trust and mutual respect, empowered employees, and an attitude of continuous improvement (Salenga et al, 1996). In the past, some efforts have focussed on process redesign, and the human and cultural elements have been largely ignored, even though it is the people who are the most difficult to change, not the technology. The most important factor is the mutual confidence generated by the new style of working within an environment of continuous improvement.

The organisation will truly enter a new phase when continuous process improvement becomes second nature or a way of life. Careful management through the transition phase will see a shift in culture from defect detection

and correction, to prevention and continuous improvement. This successful transition will only be achieved if all employees have the necessary skill and authority to do what is necessary to fix processes and make lasting improvements (Brelin et al, 1994).

Probably one of the most critical factors concerns people, and the extent to which the philosophies and purposes embodied in TQM permeate the norms and values of an organisation's culture. Culture is important not only because it provides the normative standards of what is deemed appropriate, it also creates a shared sense of purpose or meaning that guides employee behaviour (Stahl, 1999). To enhance and encourage such a culture, one technique is to identify a core group which is interested in Quality and organisational change. This Quality Team, under the guidance of the Business Systems Manager, will act as a steering committee, to ensure that ultimately the Quality system will pervade all aspects of the organisation from process design to reward systems. The formation of this interdepartmental team will reduce the possibility of the required cultural change not extending to those at the street level of the organisation, those who deal with the public on a daily basis

A quality service is a work of art, in the sense that it embodies the human quest for perfection. Therefore, TQM represents a return to the values of craftsmanship that have fallen victim to the twentieth century management methods. By following the implementation plan contained in this section, RDC has the opportunity to lead the TLA sector within New Zealand, through ground breaking initiatives that will lead to unleashing employee creativity, reducing bureaucracy and costs, and improving service to their community.

4.5 Issues in Implementation.

The basic principles of TQM discussed throughout this paper emphasise that successful total quality efforts depend heavily on commitment, strategic implementation, culture, incentives and motivation, groups and teamwork. Earlier failed TQM efforts displayed the opposite of these qualities. They exhibited insufficient leadership, weak culture, weak management of the change process, and poor provisions for motivation and teamwork. TQM proposes a management philosophy diametrically opposite to the one that has prevailed in many government organisations, including RDC.

Organisations embarking on the journey of Quality will travel predictable routes and encounter predictable problems. Based on previous chapters, the figure on the following page represents the steps by which the Implementation of Quality systems within the RDC should proceed. Three clear steps or goals are identified, which represent key steps or milestones within the implementation plan. The Process Decision Program Chart (Brassard et al, 1994) firstly identifies the key steps required for the Quality Implementation Plan in the first level of the diagram. The second tier then identifies some likely problems that may be experienced at each stage of implementation, that is, what could go wrong. Finally, the third tier lists the countermeasures for overcoming the problems that have been identified.
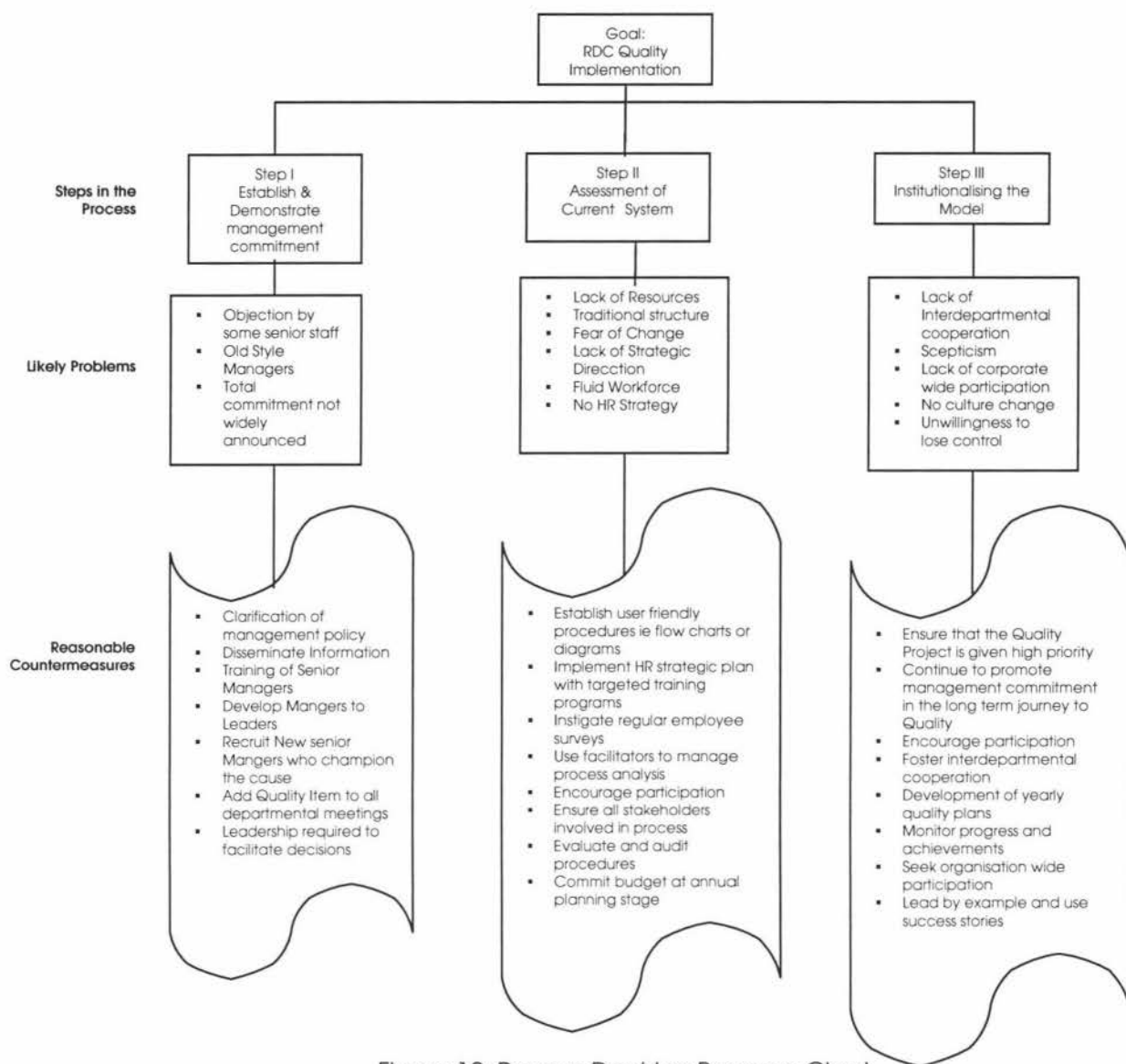
Figure 12. Process Decision Program Chart.

This method provides an effective simple means of diagrammatically representing the accomplishment of a set goal, that is, the implementation of Quality Systems at RDC, while recognising likely problems, and developing countermeasures to rectify the identified obstacles. It allows for contingency planning, as hurdles or obstacles of the implementation plan have already been identified, and countermeasures developed at the planning process stage. This has the advantage that it reduces the likelihood of unwelcome surprises occurring during implementation.

Five key organisational issues are likely to have a significant impact on the ability of RDC to successfully implement a Quality system.

Firstly, the lack of top management commitment and vision, and a flavour of the month type attitude can be a significant obstacle to introducing TQM, as was evidenced in earlier efforts. In the past, the Leadership style has often been transactional rather than transformational. The organisation has merely reacted to events rather than shaping future events. This is in conflict with the main principle of TQM, which emphasises integrating quality into design through well sought out quality planning. To be successful in TQM, managers have to shift their management focus from the traditional to a new paradigm.

The second organisational issue is its traditional structure. The main method of working in local government still lies within departments, which means that the main pattern of organisational thinking lies within each department. Typically, they are headed by a director drawn from the dominant profession of that department, and below the director the multi-tiered hierarchy. This approach reflects an emphasis on the continuity of working in accordance with established practice. Like the structure itself, this reinforces closed and limited approaches to organisation and problem solving, a further challenge to creating a total quality organisation.

Indeed, the ethos of professionalism has much stronger roots in local government than in most parts of the public sector (Wilkinson et. al, 1994), with staff often more prepared to identify with their own specific occupational group than the council for which they work. Like the structure itself, the main method of working in departments reinforces closed and limited approaches to quality and problem solving, a further challenge to creating a total quality organisation. While many people in government have not had the opportunity to work in teams (Koehler et. al, 1996b), the establishment of interdepartmental teams will provide the solution to breaking

down barriers organisational silos that have formed in the authorities traditional structure.

The third organisational factor is fear of change, where professional groups may become a focus for resistance to change and resent what they see as management interference. Stewart (1992) argues that a European Community study found more resistance amongst middle managers interviewed in the public sector than amongst those in the private sector. Even if the idea originates from the C.E.O., there is a danger that it will be sabotaged by departmental heads, especially if they see TQM as a threat to their power or privileges. This phenomenon is known to cause the soggy sponge effect, even if you have an idea which the majority of staff like, it can often be foiled by the layer of management between you and the staff (Reynolds, 1994). Again, evidence of this phenomenon was discussed in the original Water Connection Project, where recommendations based on hard data were ignored by senior managers. This stemmed from "turf wars" between departments, and ultimately prevented the implementation of more efficient procedures. Organisation wide involvement and commitment from top to bottom in the pursuit of excellence and making continual improvement to processes will be an effective countermeasure to the turf war scenario. Leaders that walk the talk and require quality to be the most important component of all work will assist in dispelling any fear of change.

Another common reason for failure is the lack of strategic direction for the evolution of TQM with the resultant lack of continuous improvement in the organisation. As annual plans and budgets roll on, emphasis on TQM loses out to new initiatives. Senior managers who have avoided the adoption of TQM commence alternative programs which perpetuate the "flavour of the month" syndrome so often seen in enterprises. The continual focus on inputs and output based Annual plan targets detracts from the identification of

processes and sub-processes where cross-functional improvement initiatives can be targeted. Through the introduction of the strategic integration model, core processes within the organisation will be drawn together into a process superstructure that enacts the Goal F2 of the strategic framework, while working towards compliance of the requirements of the Local Government Act 2002.

Finally, a fluid workforce makes change management initiatives like QM difficult to develop successfully. Turnover of employees disturbs the organisational routine of firms, and for RDC, a relatively high turnover amongst salaried staff means that this may have a significant effect on any quality initiatives. Those routines within the organisation are the basis of what Cole (1993) refers to as an organisational memory, which, when disrupted, has an adverse effect on quality improvement. When an individual leaves a job or an organisation, some of the knowledge may be replaced through documentation and through supervisors and co-workers who have similar knowledge. However it is also often the case that the memory of a single organisational member may be the sole storage point for knowledge that is idiosyncratic and critical to the organisation (Dale, 2003). A large turnover problem subsequently affects morale of the remaining employees as they end up shouldering the interim responsibilities of the employees who have left the company. Managerial job-hopping and high turnover rates can affect teamwork, and generally undermine organisational stability. As part of the organisational awareness phase, organisational climate surveys should be introduced to identify contributors to high turnover rates and general staff dissatisfaction, with a view to implementing a Human Resource Strategic plan that addresses any current shortfalls with respect to the management of the organisations key resource, its employees.

5.0 CONCLUSIONS & RECOMMENDATIONS.

The aim of this research was to analyse Quality management practises within Local Government in New Zealand, using Rotorua District Council as a Case Study, within the context of the wider theoretical model of quality. Secondly, this research developed a framework that will ensure Council obtains the best value delivery of services linked with a regime of performance indicators and efficiency measures.

In terms of a definition of Quality the term TQM is used to describe the process of transformation by which all departments of an organisation have a focus on quality, with the ultimate objective of customer satisfaction and delight. In simple terms, it is the mutual co-operation in an organisation and associated business processes, which are used to produce value for money, and services that meet, and hopefully exceed, the needs and expectations of stakeholders.

Throughout the world, Quality Management has been seen as possessing the potential to facilitate a change programme that would begin to answer the principal criticisms of the public service (Yong et al, 2002). Within territorial local authorities competitive tendering, increasing pressures to contain costs, and more demanding customers, have created a climate conducive to quality management philosophies and techniques.

During this research, the writer identified a lack of research analysing TQM initiatives in the public sector, particularly within the TLA sector in New Zealand. For the purpose of this report the experiences of the state sector provide relevant data to municipal government as their structures and organisational cultures are similar. While there are similarities and some

overlap between the private and public sector in the areas of customer expectations and budgetary constraints, one important difference is the political influence in government.

In New Zealand, Local Government has been under considerable pressure to change during the last decade, while the introduction of the Local Government Act 2002 is also likely to bring about an increasing number of changes. Piecemeal approaches to Quality management and specific quality techniques have been used by many public sector agencies to address change, and to move to a more customer-orientated environment. However with increasing demands for efficiencies by stakeholders, including central government, this is likely to increase. The objective for Local Government is to continue to provide the best quality service, and to meet the changing demands of citizens in a timely and cost effective fashion by co-ordinating its activities in an holistic approach to Quality practises in all of its business activities. Legislation has not yet been comprehensive nor specific enough in its coverage of quality, however, the Act does provide a foundation upon which to base best value principles in the realm of TLAs in New Zealand.

RDC is recognised as a leading edge, well managed, well run authority. To maintain this status amongst its peers, it has acknowledged that the principles of Quality Improvement have had considerable merit. In the early 1990s, managers at RDC recognised the importance of quality, and made improvement attempts using TQM projects. Their efforts failed due to their attempts to do so by using a less comprehensive approach, piecing together various elements from past quality eras into a patchwork of TQM implementation. In some respects, this reflected the common thread to almost every failed Quality programme, which is the lack of knowledge of managerial leadership.

Since the early foray into TQM, the organisation has developed a clear management strategic framework, which embodies goals, objectives and policies. However no co-ordinated approach between departments has been enacted to enable the achievement of the aforementioned goals. While there has been evidence of small-scale projects, and isolated departmental quality programmes, the lack of a corporate wide drive has meant that the quality attempts have foundered due primarily to a lack of focus, and a lack of involvement by both senior executives and empowered employees. The main method of working in local government, including RDC, still lies within departments, which means that the main pattern of organisational behaviour and thinking lies within the department. In spite of this, staff have indicated through the research, a keen interest in maximising in-house skills and abilities by way of cross functional quality improvement teams investigating a range of issues.

In response to these findings, this research proposes a locally relevant framework detailed in Chapter Four developed in this research from the work of quality teachings, gurus, established theory, and past experiences in the public domain. The framework can be used to examine the key requirements of stakeholders, and expanded to take into account the purpose of, and constraining conditions, applicable to local authorities. For RDC, Quality management refers to a holistic management process and set of disciplines that are co-ordinated to ensure that the organisation consistently meets, and exceeds, customer requirements. RDC will be organised to align all of its strategy and operations around customer needs, lead by management who aid the development of a culture with high employee participation. The organisation will be focussed on the systematic management of data in all processes and practices to eliminate waste and pursue continuous improvement.

Specifically, top management must commit to the corporate vision, and to align and train employees toward the common mission. To do this, cross functional teams will be required to work on improvements that respond to customer requirements. Successful implementation will require a personal transformation, particularly for leaders, through knowledge and an understanding of the quality strategy and skill in role modelling the newly required behaviours, and techniques for the rest of the organisation breaking free from old fashioned practices and attitudes.

In order to achieve the best quality management system, employees require involvement and motivation in order to achieve success. The role of top management is vital in bringing about quality consciousness, understanding and commitment by all people. This requires a blend of leadership and tenacity over time, to ensure successful implementation and integration of TQM into the new culture of the organisation. A key part of the plan is enlisting the commitment to communicate and convince people of the need for change. There is a need for a long-term commitment, which will result in facing short-term costs in order to achieve long term savings.

RDC must focus on processes, which lead to process improvement, and process management, which will form a foundation for creating an organisational climate where all employees can measure and improve their performance. The organisation needs the capability to identify their strengths and weaknesses in order to exploit opportunities for improvement and to take steps to improve areas that are underperforming. The improvement of business processes needs to be connected the strategic business goals, as opposed to pursuing non-integrated projects as has occurred in the past.

This research acknowledges the critical role of elected members in leadership at the strategic level, and as such, success will not be achieved until customer focus and continuous improvement have become a part of the accepted way of doing business at RDC. To bring about a transformation in the way RDC delivers services, a culture must be formed within the organisation where a performance management framework will act as a mechanism for continuous performance improvement. To implement TQM successfully, RDC has to stimulate positive work attitudes, including loyalty to the organisation, pride in work, a focus on common organisational goals, and the ability to work cross functionally.

Further investigation in the form of a feasibility study is required to establish the costs of the corporate wide Quality Improvement Plan, however, using the research as a basis, it is likely through the process identification and analysis stage that costs will become more apparent and transparent. This is likely to aid in the long-term budget allocation for such projects, and enable management to provide officials, and the community, with outcomes and tangible improvements related to budget allocation.

This paper has reviewed New Zealand TLAs approach to Quality, specifically RDC, while building on literature and evidence from international experience. While the framework proposed provides a basis for RDC to review their activities and services, further research could be undertaken, with a view to compiling a more comprehensive framework that could be applied nationally throughout the territorial local authority sector.

6.0 APPENDICES.

Appendix A : ROTORUA DISTRICT COUNCIL STRATEGIC FRAMEWORK

Appendix B : INFORMATION SHEET AND PROTOCOL FOR PARTICIPATION.

Massey University

Quality Local Government: A case study

Information sheet and protocol for staff participation

Introduction

This research is being carried out by Mijo Katavic for his Masters of Philosophy. The research supervisor is Mr Don Houston from the Institute of Technology and Engineering. The focus of the research is quality in local government, and particularly quality initiatives that have taken place in the past at Rotorua District Council.

Purpose of the Research

The purpose of this research is to critically examine past Quality initiatives undertaken at Rotorua District Council in relation to Quality teachings, and experiences in other organisations both nationally and internationally, while analysing the relevance of Quality initiatives for territorial local authorities. The findings of this research will be compared to current teachings and academic papers researched during the literature review phase of the thesis.

Staff Involvement

The proposed research fits the concept of Action Research. Action Research is research in cooperation with participants. A fundamental concept of the research is that understanding a situation from the viewpoints of participants is the key to its

improvement. The research will not succeed without cooperation from and participation by staff. The methodology is explicit about ethics: informed consent is fundamental, as are confidentiality and truthfulness.

Interviews

The data collection for the project will involve semi-structured one-to-one interviews between the researcher and staff. Interviews will focus on broad questions such as "what does quality mean to you?" and participants will be invited to discuss their views on quality at Rotorua District Council. Interviews are expected to last for about half an hour.

The interviews are not intended to discuss issues about individuals.

Care will be taken to ensure that all transcripts are prepared in such a way as to protect the anonymity of participants. All transcripts will be managed through secure storage and access protocols to ensure confidentiality of data. Interview data will be disposed of in a way acceptable to participants once the study's objectives have been met. Until that time, raw data will be kept in a secure location, accessible only to me.

If you agree to participate in the initial interviews you have the following rights:
- *To withdraw from the interview at any time;*
- *To have privacy and confidentiality protected;*
- *Ask questions at any time; and*
- *To have access to information about the outcome of the study.*

Utmost care will be taken to ensure that any specific comments or views you might express remain confidential (unless permission is given) to me. Anonymity will be preserved as far as possible. As the study involves in-depth interviews it may be possible to identify individuals from the subsequent research report. This issue will be carefully managed to protect the privacy of individuals whilst allowing the publication of the research.

It is anticipated that regular updates on progress will be provided to staff involved in the research.

A summary of the research will be available on request while the intellectual property rights will belong to the researcher.

Research ethics

This project requires that Section A of the Massey University Human Ethics Application for Research procedures involving Human participants, be completed and sent to the committee for noting.

If you have any concerns or questions, please contact my supervisor or me.

Mijo Katavic   phone: ▮▮▮▮▮▮▮▮▮▮▮▮

                        email: ▮▮▮▮▮▮▮▮

Don Houston: phone: (06) 350 4091 (Massey extension: 4091)

                        email: D.J.Houston@massey.ac.nz

A consent form is attached, please complete and sign the consent form and return it to me via internal mail. Thank you for your time and attention.

Yours sincerely,

Mijo Katavic

Appendix C : ROTORUA DISTRICT COUNCIL BOUNDARY MAP
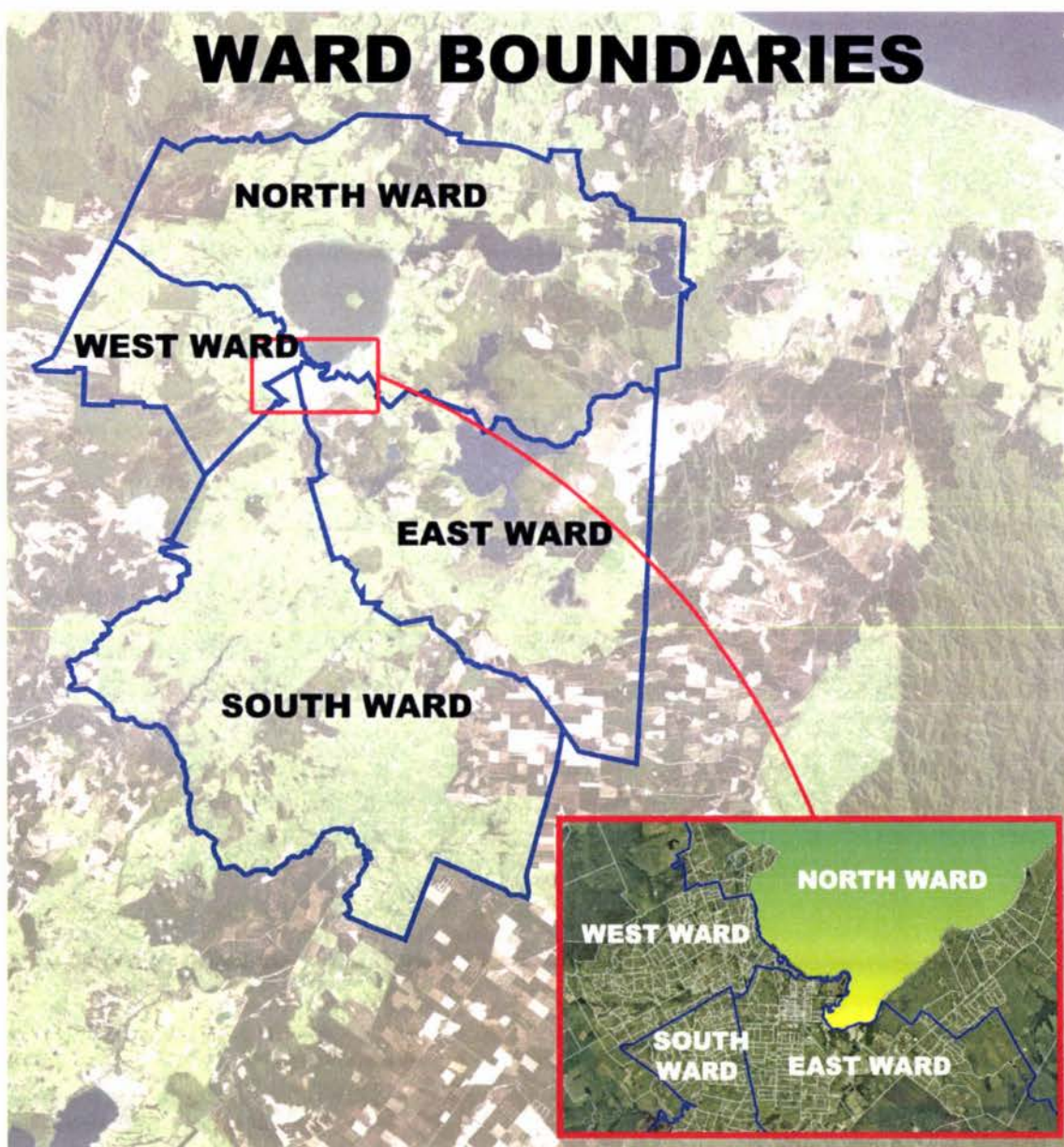
Appendix D : ROTORUA DISTRICT COUNCIL
MANAGEMENT STRUCTURE

Management Structures

ROTORUA
DISTRICT
COUNCIL

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                        ┌──────────────────┐
                        │   Committees     │
                        └──────────────────┘
                                │
                        ┌──────────────────┐
                        │ Chief Executive  │
                        │  Peter Guerin    │
                        └──────────────────┘
```

Strategic Planning	Governance
Annual Planning	Communications
Community Surveys	Iwi Communication
Human Resources	Internal Audit

Operations Manager, Castlecorp Mike Davies	District Engineer Paul Sampson	Director, Environmental Services Nigel Wharton	Director, Corporate Services Jack Shallard	Director, Community Services Charles Roberts
Physical Works for: Land Drainage Refuse Collection Litter Collection Mowing Water/ Wastewater Network Maintenance Fleet Management Janitorial Services Specialist Horticulture Maintenance	Roading State Highways Resource Engineering Water Services Wastewater Services Strategic Engineering Planning Land Drainage Public Transport Refuse Collection Landfill	Economic Development Building Control Resource Management Planning Parking Animal Control Environmental Health	Finance Treasury Information Technology Information Management (GIS and Records) Corporate Administration Property Management	Library Museum Parks and Recreation Community Policy and Resources Event Venues Tourism Rotorua Civil Defence

Appendix E : ROTORUA DISTRICT COUNCIL HUMAN RESOURCE MANUAL LINKAGE OF PAY TO PERFORMANCE

4.3 LINKAGE OF PAY TO PERFORMANCE

4.3.1 The employer and employee shall conduct a six monthly and annual review of the employee's performance. The annual review will result in summary ratings for the work output and competencies achieved by the employee.

4.3.2 The summary ratings will determine an overall rating for the employee's performance. Consistency of the overall ratings across the organisation will be validated by the Management Team and any significant discrepancies will be addressed. The employee will be advised of any changes made under this process.

4.3.3 Progression within the ranges will be determined by an employee's overall performance rating and their position on their pay range in accordance with the performance and pay matrix.

4.3.4 The Chief Executive may from time to time use discretion and grant an employee a pay adjustment personal to that employee.

4.4 APPEALS

4.4.1 Employees may appeal against the job sizing and market remuneration set for their job. The appeal must be put in writing to the Manager Human Resources and must not be on the basis of an appeal against another position.

4.4.2 The employee shall within two weeks of receiving his/her job sizing and remuneration result notify the Manager Human Resources in writing appealing the decision. In appealing the employee must state what part of the process he/she is appealing against and why (e.g. Job Sizing Assessment Factor 1, Accountability should be 4 because …..).

4.4.3 The Appeal Committee shall within four weeks of receiving the appeal notice arrange to hear the appeal and advise the employee of the outcome of their appeal submission.

4.4.4 The Appeal Committee shall comprise of:

 − Chief Executive
 − Manager Human Resources
 − Any two staff representatives (excluding Heads of Department) from Remuneration Committee, but not from the employee's department

4.4.5 Appeal Committee may discuss the employee's appeal submission with his/her Senior Manager and/or Head of Department.

4.4.6 The employee may present the appeal in person and be supported by another person if that is the desire of the employee concerned.

4.4.7 If the outcome of the appeal process is not acceptable to the employee concerned then he/she may take the process concerns to the Chief Executive whose decision shall be final.

Remuneration and Employment Terms and Conditions

Positive policies enabling the Council to attract and retain competent staff are essential. Council will adopt policies that provide appropriate levels of remuneration and employment terms and conditions which are adequate to recruit and retain suitably qualified and motivated staff. This can only be achieved within a structure that gives due recognition to individual performance and degrees of responsibility.

The Council's policy will be to:

— Reward employees by conducting regular Performance Reviews at all levels.
— Review National Employment Contract trends and external relativities in respect of terms and conditions of employment.
— Reward employees in terms of:

a)   QUALITY PERFORMANCE SCHEME

   i.   The "Quality Performance Scheme" shall be an organisational based scheme for all qualifying staff measured against pre-selected objectives prior to the commencement of the review year. Its aim is to promote staff commitment to teamwork across Council and achieving our total work programme and excellent service standards. If the criteria of the scheme are met all qualifying staff, regardless of the department or section that they work for will receive the appropriate performance payment. If the criteria are not met no performance payment shall be made under this scheme.

ii.   Measures

- A team of management and staff representatives will select group targets from the Annual Plan including all those that are directly controlled by staff and not affected by external influences, e.g., Councillor attendance at Mayor receptions will be excluded.

  Note: The Annual Plan targets were elected for appropriate measure because they are externally audited. This should give considerable credibility to the scheme for all parties.

- The agreed targets are to be selected and agreed to as soon as possible after the Annual Plan has been adopted by Council.

- The following sliding scale shall be used to establish the quantum of reward relative to outcomes achieved as at 30 June each year.

	Targets Achieved	Performance Payment of Gross Salary (excl O/T)
– Annual Plan	70%	1.00%
	75%	1.25%
	80%	1.50%
	85%	1.75%
	90% +	2.00%

  - In addition to the NRB survey shall be used to gauge ratepayer/resident satisfaction with the staff performance. The following measure shall apply:

NRB Survey	10 points above national average = 0.5%
	15 points above national average = 1.00%

- The results would be known in November after our annual audit is complete and any payment should be made by Christmas each year.

iii. Examples

- If 65% of the targets were achieved (0%) and the NRB survey showed Council staff were 12 points above the national average (0.5%) then the quality performance pay out would be (0.5%) of each employees gross salary excluding overtime.

- If 78% of the targets were achieved (1.25%) and the NRB survey showed Council staff were 16 points above the national average (1.0%) then the quality performance payment would be 2.25% of each employees gross salary, excluding overtime.

- If 90% of the targets were achieved (2.00%) and the NRB survey showed Council staff were 15 points above the national average (1.00%), then the quality performance payout would be 3% of each employees gross salary, excluding overtime. This is the maximum possible payout per employee.

iv. Qualifying Staff

All staff shall qualify for participation in the scheme except for:

- Staff on Probation

  An employee shall not qualify for a performance payment until after they have successfully completed their six month probation period.

- Staff Being Disciplined

  Employees who, during the review period, become subject to disciplinary action by way of a verbal or written warning, shall not qualify for a performance payment.

Appendix F : DAILY POST REPORT OF COUNCIL DEBATE

RDC answerable in survey

By MIKE MATHER in Rotorua

QUESTIONS over whether the Rotorua District Council is accountable enough to its community were raised at this week's finance and strategic planning committee meeting.

The issue was highlighted during a snap debate during a report on an impending phone survey of satisfaction with the council and its services, that was to have been conducted from May 16 by the National Research Bureau (NRB), a private research firm based in Auckland.

Cr Charles Sturt prompted an at-times heated debate by proposing that the annual survey of 400 residents be delayed by a year.

"The results just bring up the same issues year after year. Maybe we can save a bit of money this year by holding it off until next year," he said.

Cr Trevor Maxwell suggested that even every second year was too frequent and the survey should be conducted once in each of the council's three-year terms.

Chief executive Peter Guerin said he was worried by the proposal, because the council's annual plan was designed to rely heavily on information from the community, such as that found in the NRB survey.

This was met with outrage from Cr Knocker Dean.

"To say we rely on this for all our outcomes is ludicrous," he said.

The lengthy debate drew comments and interjections from most of the committee members, before it eventually decided to hold the survey later this month, to allow councillors the time to have a look at the questions being asked and make changes as they see fit. New questions would be posed and debated at the full council meeting on May 20.

Committee chairman Neil Oppatt also caused an uproar at the meeting by mistakenly declaring the survey would be held next year — when he meant to say this year. Cr Chris Campbell said he believed the survey was a waste of time.

"We spend $50,000 for people to tell us every year that parking in the central business district sucks and we all know that already. That should be what annual plan submissions are used for," he said.

Strategic support manager Cameron Cowan, who is facilitating the NRB survey, then corrected Cr Campbell that the survey actually cost about $23,000. Rotorua mayor Grahame Hall said he was deeply disturbed by the entire debate saying only a brave councillor did not want to be judged by those who elected.

Appendix G : NEW WATER CONNECTION PROJECT 1991 – INTRODUCTION

A seminar on TQM has been attended, by five members of the Management Team and the Waterworks Engineer, in either Auckland or Hamilton. The TQM seminar has complimented the TIP (Towards Improved Performance) courses organised earlier by the District Manager.

After the Hamilton seminar, the District Manager arranged a meeting to discuss the possibility of implementing a programme of TQM throughout Council. After serious discussion it was agreed that TQM was feasible for Local Authorities and that in the first instance two pilot schemes would be targetted.

A number of statements were confirmed at that meeting by the Management Team that would ensure the success of implementing TQM and these are :

a)   That the TQM principles will be applied to decisions made by Management.

b)   That TQM will be an ongoing project and not a fad.

c)   It was accepted that time was not always on the Management side but that time would be given when required.

d)   It was acknowledged that overall results due to TQM would take years rather than be an instant success.

Prior to investigating the two pilot schemes, two sessions explaining the rudiments of TQM were attended by a cross-section of Council personnel who

in the main were involved with the topics. Initially these people, although hand picked by their Department Head or facilitators, were allowed to disassociate themselves from the projects if they wished. It was pleasing to note that everyone accepted their responsibility.

All the participants were asked to read initially two papers :

a)   Demmings Way
b)   Quality comes to City Hall

At the conclusion of the first session the participants were then asked to read

a) City of Madison - Brush Collection Project

In the second session this paper was discussed and the various steps that the City of Madison took on their project were evaluated.

At the close of this session the course participants were split into their respective teams and the process of evaluating the two pilot subjects commenced. The two Pilot Subjects are:

a)   Assessment of the Typing Functions
b)   Investigation of the process for New Water Connections.

Appendix H : FOOTPATH PROCESS
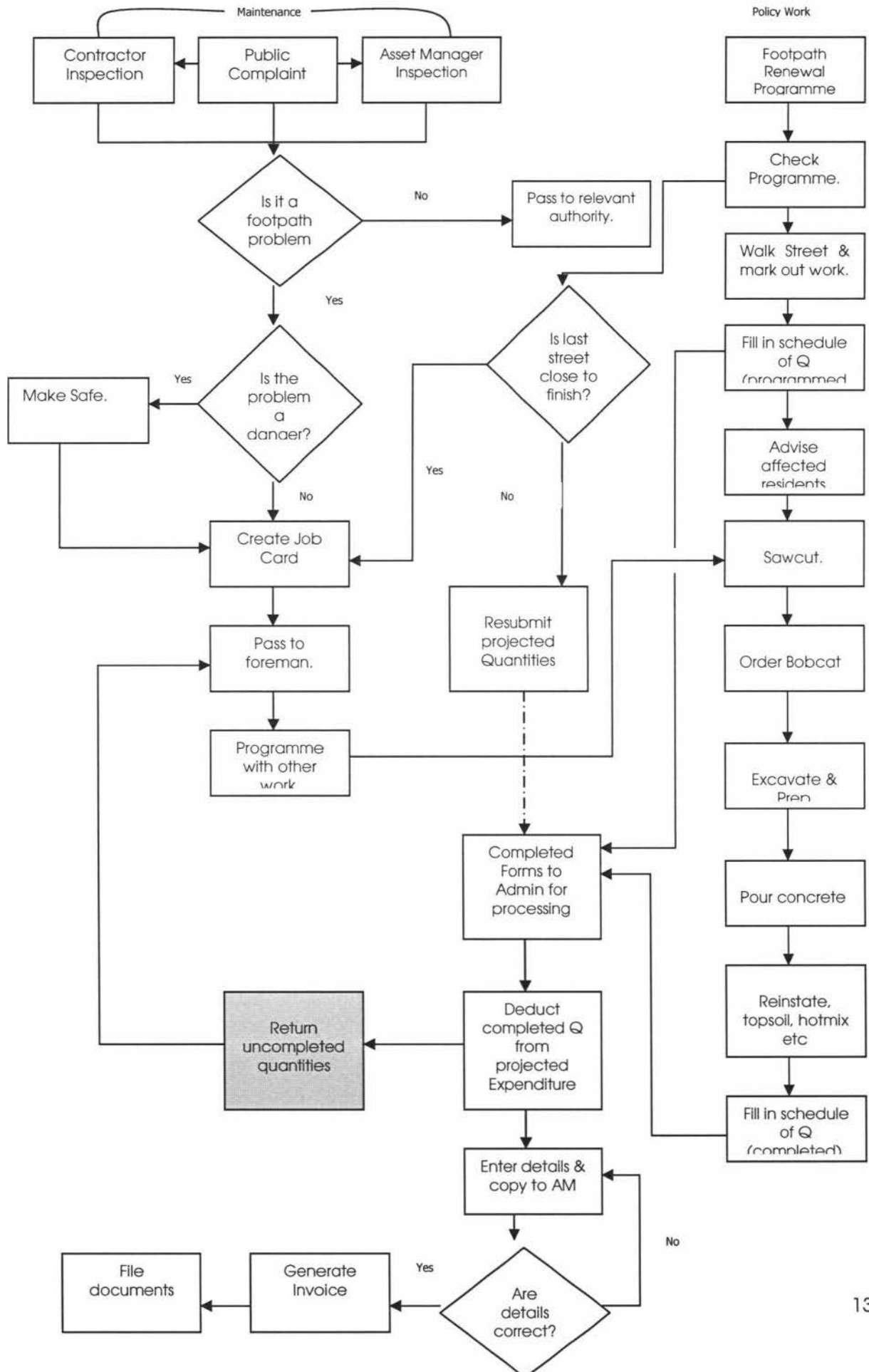
Appendix I : INTERVIEW SCHEDULE

Quality in Local Government Staff Interviews

Interviewee	Date & Time

Introduce the subject matter, give outline of thesis, and description of what the information will be used for, and request signed consent form. Tape or no tape.

1. Describe to me the meaning of the word quality to you, and what it means specifically for your work at Rotorua District Council? *(use prompts)*

	RDC

2. Are you aware of the RDC strategic framework and particular F 2?

Yes / No

3. Have you had experiences of Quality Projects or Quality teams?

4. How successful were they?

5. What factors (KSF key success factors) were the main contributors to the success or failure of the project ?I.e. management support, resistance to change, team members, resourcing issues.

6. Do you have any specific examples of Quality tools used at RDC. *(provide list)*

Tools

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7. Are there any specific projects where you believe the use of Quality techniques could be used to improve the performance of the organisation?

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8. Do you see the LGA2002 as having any particular relevance to Quality in local government?

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│ Yes / No                                            │
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Comments or Questions

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Process Prioritisation Matrix

Rating Key

Process Impact Rating	Process Performance
1 = Low	1 = Inadequate
2 = Medium	5 = OK
3 = High	9 = Very Well

	Key Processes	Critical Success Factors								Total Impact	Process Performance	Process Performance Gap	Weighted Gap	Priority
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														

Adapted from Brelin, Davenport, Jennings and Murphy (1994)

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