

QUALITY CULTURE AND ORGANIZATIONAL CHARACTER

INTRODUCTION

One of the greatest obstacles faced by organizations attempting to implement TQM is the barrier of culture. Culture, as it applies to organizations, and to TQM in particular, has become a popular topic.

The cultural view of TQM provides managers with a powerful means of understanding behavior in organizations. To change the way people think and act, managers must understand the thoughts, interpretations, expectations, and habits that people have developed and maintained. This understanding gives managers insight into how to change them.

TQM implementation requires a change from traditional culture to quality culture. There is often a gap between traditional culture and quality culture. To assess its capacity to change, some questions should be asked:

- How many cultures does the organization have?
- How deep-seated is the traditional culture?
- How changeable is the traditional culture to a quality culture.
- What is the impact of quality culture on the organization's ability to carry out its activities and plans?
- What must be changed to develop a quality culture?

In his book, *Quality Without Tears*, Philip B Crosby points out, "The process of installing quality improvement is a journey that never ends. Changing a culture so that it never slips back is not something that is accomplished quickly... changing a culture is not a matter of teaching people a bunch of new techniques, or replacing their behavior patterns with new ones. It is a matter of changing values and providing role models. This is done by changing attitudes".

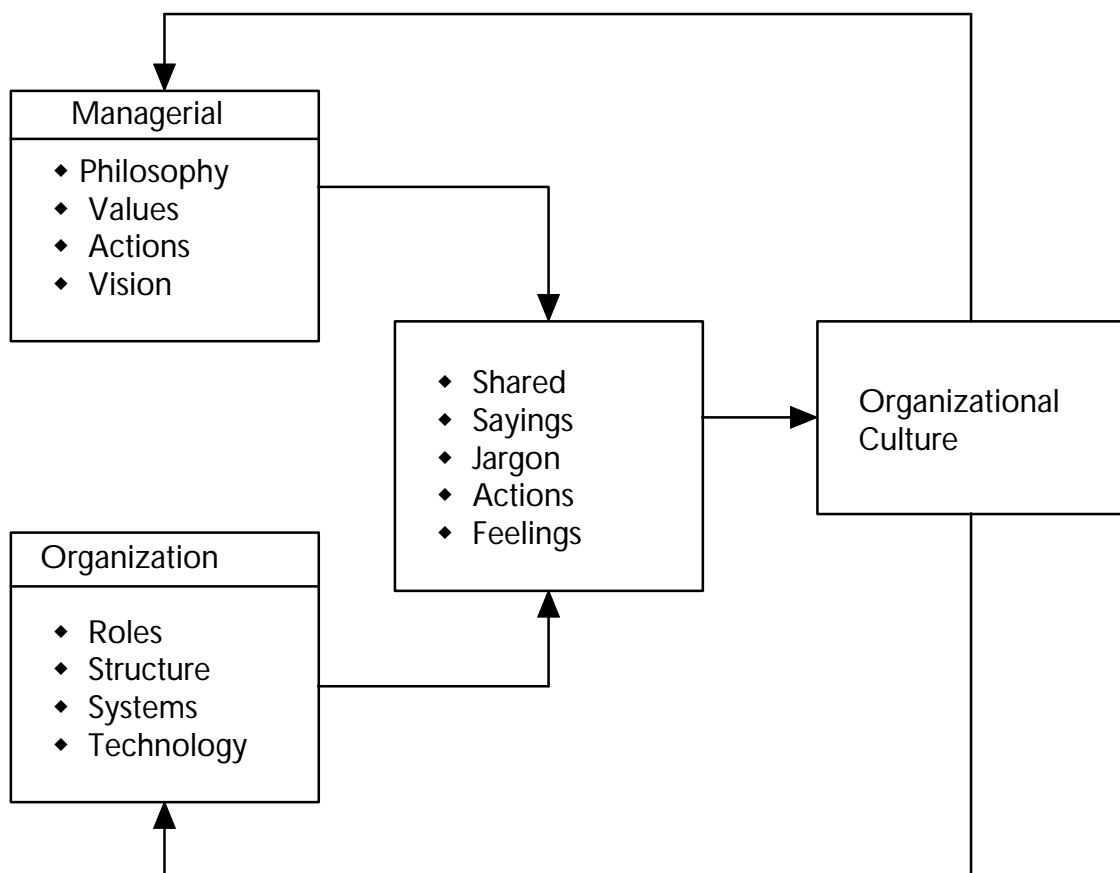
An organizational culture is a system of shared values and beliefs that interact with an organization's people, structure, and systems to produce behavioral norms. (see **Figure 3.1**)

What is Organizational Culture?

Andre Laurent of INSEAD remarked that "An organization's culture reflects assumptions about clients, employees, mission, products, activities and assumptions that have worked well in the past and which get translated into norms of behavior, expectations about what is legitimate, desirable ways of thinking and acting. These are the locus of its capacity for evolution and change."

Ed Schein of MIT defines organizational culture as “A pattern of basic assumptions invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that had worked well enough to be considered valid, and to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”

Figure 3.1 Culture Formation



Different people may give different definitions of organizational culture, some of them are listed as follows:

- Culture is transmitted within a collectively — the corporation as a whole, the culture of a specific department or a staff group.
- Culture refers to a number of abstractions (beliefs, attitudes etc) which pervade the organization, although they may not have been defined in specific terms. Nevertheless, they can influence people's behavior significantly.
- Culture is a social construction — the elements of culture, such as values, beliefs, and understanding, are held in common by all group members.
- It is unconsciously learned, i.e. acquired by people over time through their membership in a group that carries on the culture. The subtle process of indoctrinating culture through example and reward or punishment is generally much more powerful than direct instruction, and the individual unwittingly adopts the cultural norm.

As remarked by Daniel R Demison in his book, *Corporate Culture and Organizational Effectiveness*, the trend of studying organizational culture was begun only in the early 1980s. It began with two books that examined the challenges that Japan posed for American industry, namely, *Theory Z* (Ouchi, 1981) and *The Art of Japanese Management* (Pascale and Athos 1981). The trend continued with two books that focused more closely on American industry itself: *Corporate Culture* (Deal and Kennedy 1982) and the *Change Masters* (Kanter 1983).

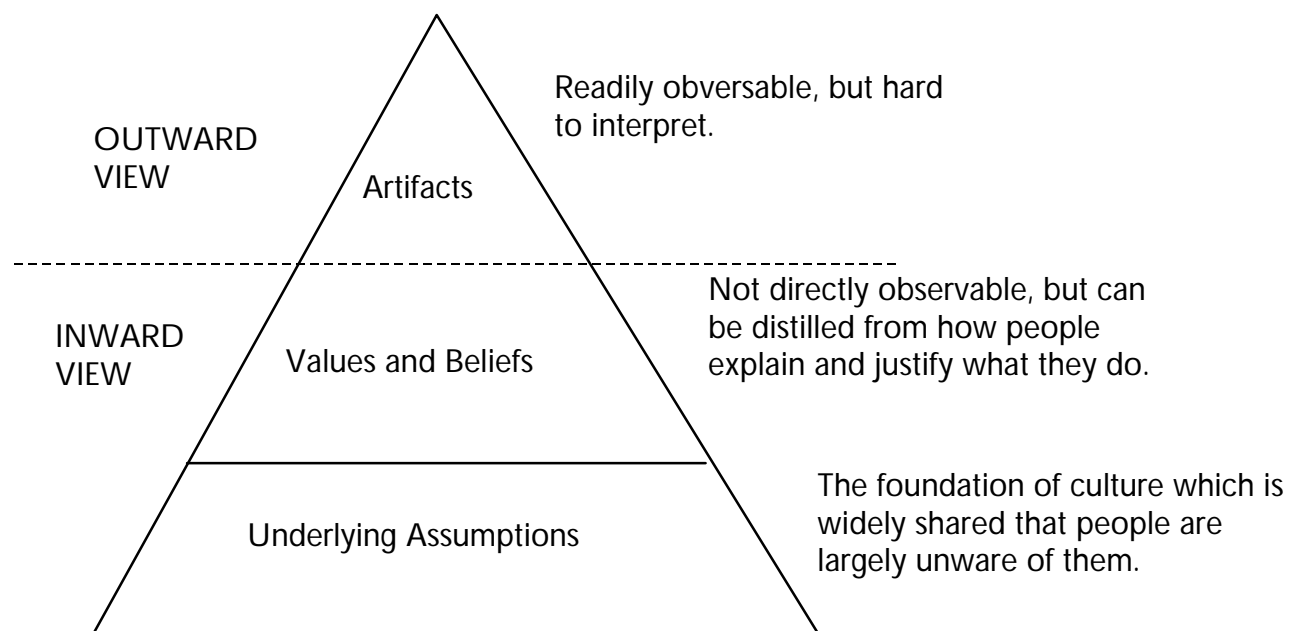
None of them denies the important role played by organizational culture which defines professional behavior, motivates individuals and provides solution where there is ambiguity. It also governs the way a company processes information, its internal relations and its values. It functions at all levels from subconscious to visible.

The culture of an organization (like the culture of a society) is not something that a single leader creates, nor is it something that managers control or make predictable. The culture is something that every person in the organization contributes to and has a role in either perpetuating or changing over a very long period of time. Usually, it takes about three to five years to change the culture of an organization.

A HOLISTIC VIEW OF CULTURE

From a holistic point of view, culture can be subdivided into three levels: Artifacts (Level 1), Values and Belief (Level 2) and Underlying Assumptions (Level 3). Artifacts correspond to the outward view, Values and Belief and Underlying Assumptions correspond to the inward view. **Figure 3.2** shows the three levels of organization culture.

Figure 3.2 Three levels of organizational culture



Artifacts

Artifacts are the visible and tangible aspects of an organization which people hear, see or feel. It consists of the products of behavior (i.e. technologies, language, office layouts, and physical arrangements) and the actual patterns of behavior (i.e. habits, norms, rites and rituals).

Values and Beliefs

Values and beliefs are often expressed in the form of ideologies, moral codes, and philosophies that guide decision making and behavior in certain situations. Values are translated into reality through norms and artifacts. The 'value set' of an organization might be: care for customers, care and consideration for people, social responsibility, quality consciousness, or 'management by fact'.

Underlying Assumptions

Some basic assumptions are taken for granted, so internalized that they may slip from the conscious awareness of the members. They are accepted as unquestionable truths about the way people work in an organization. They might include consensus, ideologies, mind-set, philosophy and world view.

THE IMPORTANCE OF ORGANIZATIONAL CULTURE

There are many reasons why a careful study of organizational culture is so important.

1. It can have a significant impact in a firm's long-term economic performance.
2. It has a visible, practical effect upon individual satisfaction.

3. It facilitates commitment.
4. It shapes behavior by providing guidance on what is expected.
5. It conveys a sense of identify and unity of purpose to members of the organization.
6. It is a key component in the achievement of an organization's mission and strategies.
7. It is conducive to performance improvement and the management of change.

One of the most critical factors in organizational culture and strategy is management style. This sets the tone for the whole organization and influences the communication, decision-making, and leadership patterns of the entire system. A great majority of outstanding companies trace their culture back to an influential founder who personified a value system and relentlessly hammered in a few basic values which became the cultural core of the company.

However, with today's rapidly changing environment, many organizational cultures fail to adapt to change and therefore fail as economic entities. Today's key words are quality, flexibility and innovation. Organizations are being forced to make dramatic changes just to remain competitive. These changes such as improving product quality, increasing speed of responsiveness, and expanding customer focus are so basic and fundamental that managers must alter the organizational culture. In order to create a winning culture, managers need to adopt their managerial style, values, and goals to fit the changing needs of the environments.

Implementing TQM necessitates cultural change in an organization. This is because:

- TQM is a new management philosophy.

- Moving for total quality takes time.
- It can be difficult to overcome the past.

An organization in which the prevailing culture is based on traditional management practices is not likely to succeed in the implementation of TQM. In the absence of cultural consensus on core values, beliefs and assumptions, each employee would work on whatever he or she thought was important, without regard to the work of others. Rigid rules and regulations would be the only way to guide behavior.

Most of the popular writing on corporate culture makes a direct connection between the strength of a culture and an organization's effectiveness. With the typical large Japanese organization as the prime example of a strong cohesive culture, attention has turned to methods for building stronger culture in any organization.

UNDERSTANDING THE TRADITIONAL CULTURE

Traditional management theories and practices pervade all three levels of culture: artifacts, values and beliefs, and assumptions. Some of the underlying values of traditional management theories and practices are as follows:

1. Managers tend to develop standards without considering what must be done to enable people to meet the standards.
2. The traditional management theory does not acknowledge the manager's responsibility to attend to systems to make sure people have high-quality equipment or methods of work toward compatible standards.
3. Managers use the rule of management by exceptions, which means they pay little attention to outcomes that conform to standards. Only the significant variations or exceptions, attract

their attention.

4. The traditional approach of management does not inform employees about the causes of problems. It encourages people to assume variations are discrete events, isolated in time.
5. Managers tend to focus on interval issues and functional objectives rather than customers or the relationship between functional areas.
6. Managers focus on maximizing functional end results rather than optimizing organizational performance.
7. Managers tend to focus on numerical measures (MBO) rather than quality improvement.
8. Managers tend to deal with the problem employee and corrective performance counseling rather than on analyzing the common causes of the system.
9. Management by fear is a common norm to control people to improve productivity.
10. Decisions are made from the top. Therefore, if there is any doubt, pass it upstairs for management analysis and review.

What is Quality Culture?

A quality culture is an organizational value system that results in an environment that is conducive to the establishment and continual improvement of quality. It consists of values, traditions, procedures, and expectations that promote quality as a way of organizational life.

Characteristics shared by organizations with a quality culture are as follows:

- Customer requirements are actively sought and used to continually improve quality.

- Employees are both involved and empowered.
- Work is done in teams as much as possible.
- Quality is regarded as number one job priority.
- Top management is both committed and involved; responsibility for quality is not delegated.
- Sufficient resources are made available where and when they are needed to ensure continuous improvement.
- People are regarded as the most important assets of an organization.
- Education and training are provided to ensure that employees at all levels have the knowledge and skills needed to continuously improve.
- Fellow employees are viewed as internal customers.
- Suppliers are treated as partners.
- Behavior matches slogans.

ORGANIZATIONAL CLIMATE

Organizational climate is how people perceive (see and feel about) the culture that has been developed in their company or unit. It is defined as the relatively consistent set of perceptions held by organization members concerning the characteristics of organizational culture.

Perceptions about organizational climate can be measured by questionnaires such as that developed by Litwin and Stringer (1968), which cover nine categories.

1. **Structure** — feelings about constraints and freedom to act, and

the degree of formality or informality in the working atmosphere.

2. **Responsibility** — the feeling of being trusted to carry out important work.
3. **Risk** — the sense of risk taking and challenge in the job and in the organization, the relative emphasis on taking calculated risks or playing it safe.
4. **Performance Incentives** — the degree to which incentives in the organization. (e.g. salary increases, promotion) match actual performance.
5. **Warmth** — the existence of friendly and informal social groups.
6. **Support** — the perceived helpfulness of managers and co-workers: the emphasis (or lack of emphasis) on mutual support.
7. **Standards** — the perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge required in personal and team goals.
8. **Conflict** — the feeling that managers and other workers want to hear different opinions; the emphasis on getting problems out into the open rather than smoothing them over or ignoring them.
9. **Identity** — the feeling that you belong to a company; that you are a valuable member of a working team.

An effective organizational climate and a realistic vision of the future are both essential to the success of TQM implementation. Creating a climate where everyone involved in a TQM program feels free and not threatened to communicate with others can minimize resistance in the long run. Because of the interaction and communication between members, an organization's climate is formed. The only real way to change organizations lies in changing the organizational climate — the way of company life, the system of beliefs

and values, the accepted form of interaction and relating. It is more important to change the climate of the organization than the individual, if organizations are to develop a quality culture.

In order to change the organizational climate, we have to alter the character of the organization to better meet customers' needs and exceed their expectations. We have to understand what the ideal, realistic character of the organization might be.

Organizational climate and organizational character are closely related concepts, but they are not the same. Organizational climate is how people perceive the culture. Organizational character is the aggregate of features and traits which is formed as the result of the climate. Organizational climate can only be changed by altering the organizational character.

ORGANIZATIONAL CHARACTER

For the purposes of striving for TQM, it is more precise and appropriate to focus not on the culture of the organization, but rather on its character. Organizational character is the aggregate of features and traits that form the individual nature of some person or thing. The new character will bring about a new culture if it is reinforced and if the new behaviors are institutionalized over a long period of time.

Diagnosing and analyzing the character of the organization will provide a clear view of strengths and those things that must be retained and built upon. It will also cover weaknesses and barriers to moving from where the organization is now to where it should be. Such insight will enable the leader to choose the correct strategy to launch the effort to achieve TQM.

There is no such thing as a standard TQM organizational character. It depends on the company circumstances, such as its product and market, and the impact of the company's lineage and the policies and methods that have developed through the years.

There are three sets of activities that can help to measure the current character of an organization:

1. Ask customers
2. Ask employees
3. Analyze both how people get ahead in that organization and the image it projects externally

TQM provides a philosophy, approach, methodology and a set of principles to alter the organization climate.

The TQM-based organizational character is one that has the following attributes:

1. The leader's commitment to a commonly held vision of what the organization is all about is, its purpose.
2. A constancy of purpose to change and to improve what currently exists, and to move in unison toward that purpose.
3. A strong commitment to quality with respect to customer-driven attributes.
4. Problem solving is done effectively through total employee involvement and empowerment. Decision-making authority and responsibility are at the lowest reasonable level.
5. Problems do not wait to be solved and potential problems are anticipated and addressed before becoming major or out of control.
6. There is relentless activity at improving quality and reducing non-value-added costs so as to add more value to customers.
7. Teamwork is the operating mode by which employees get

involved in designing the work processes for maximizing quality at minimum cost.

8. There is honest, open communication of company progress, successes and failures. The communication channels are both horizontal and vertical.
9. Trust and respect are built so that pride of workmanship can thrive.
10. Suppliers are treated as partners to develop long-term relationships and to improve quality on a continual basis.
11. Training and education are provided on a continual basis to broaden employees' capabilities.
12. Top management works at institutionalizing gains by altering the basic systems of the business and continuously reinforcing the TQM principles.

GROUNDWORK FOR A QUALITY CULTURE

Establishing a quality culture is a matter of analysis and diagnosis, followed by the application of appropriate reinforcement. Because traditional culture has evolved over the years and is usually deeply rooted, it is difficult to change. One must lay the foundation for change.

- Understand the history behind the traditional culture.
- Assess the current cultural elements and climate.
- Don't tamper with systems, improve them.
- Don't impose cultural change, let employees be involved.
- Be prepared to listen and observe.

- Large-scale change takes time.
- Live the new culture.

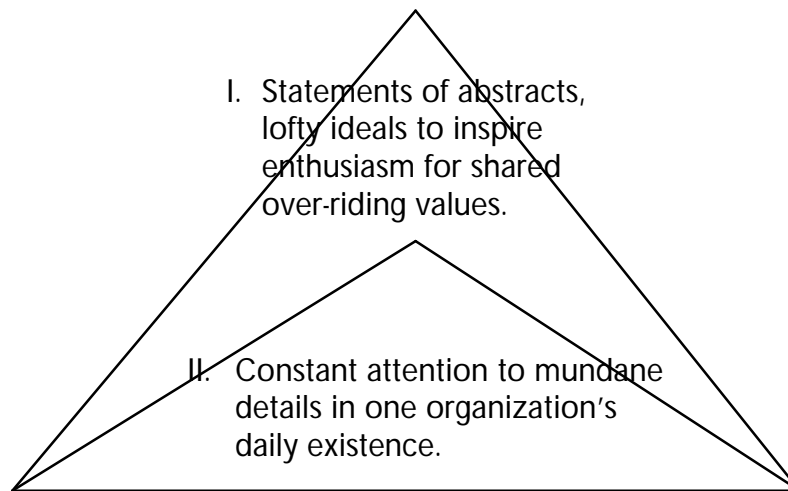
Assessing the current cultural elements before implementing change is very important. **Figure 3.3** shows the cultural elements that are likely to affect the success of a TQM transformation.

Figure 3.3 Assessing the Cultural Elements (score “0-9” for each)

Cultural Elements	Importance of Culture	Compatibility with Change
1. Quality beliefs and values		
2. Management style		
3. Maturity of organization		
4. Cohensiveness and cooperation		
5. Openness and trust		
6. Quality climate		
7. Recognition/reward		
8. Support of employees		
9. Participation and actions		
10. Staff commitment		
11. Consistency in performance		
12. Competence in quality tools		
13. Consistent communication		
14. Level of job security		
15. Sense of belonging		
16. Sense of urgency		
17. Degree of social interaction		
18. Degree of innovation		
19. Respect for people		
20. Enforcement of policies		

Figure 3.4 shows the levels at which these two principles operate in an organization.

Figure 3.4 Altering Organizational Character



A low score in the first column and a high score in the second indicate that the culture is related to the quality strategy. Low scores in both columns means that change is inconsistent with the culture. A high score in the first column and a low score in the second means that a serious constrained relationship exists between the culture and a quality strategy.

Designing organizational character is best achieved by top managers who shape philosophies and values over time. A new corporate value-of-being quality consciousness may heighten awareness of quality issues in a declining company.

Regardless of the organization's stage of development, top leaders can alter organizational character by attending to two major principles. The first operates at the highest level of abstraction and is the lofty vision that must generate enthusiasm by thousands of people. The second principle operates at the opposite end of the spectrum, and requires attention to the mundane

level of detail. Using the proper symbols, communicating everyday to employees at all levels, and wandering around the organization to learn first hand what is going on are all ways to manage the bits and pieces of a culture.

INNOVATION AND CHANGE

Innovation and change are closely related concepts. Change refers to any alteration in structure, process, input, or output of an organization. Innovation is a more specific concept, referring to changes that are new to the adopting organization. Thus, quality culture may be both a change and an innovation to the organization.

A quality culture often requires changes to an organization's structure or processes. Job redesign, new controls, reorganizations, and new training programs may be needed. A quality culture enables organizations to function better by improving internal control, co-ordination and structure.

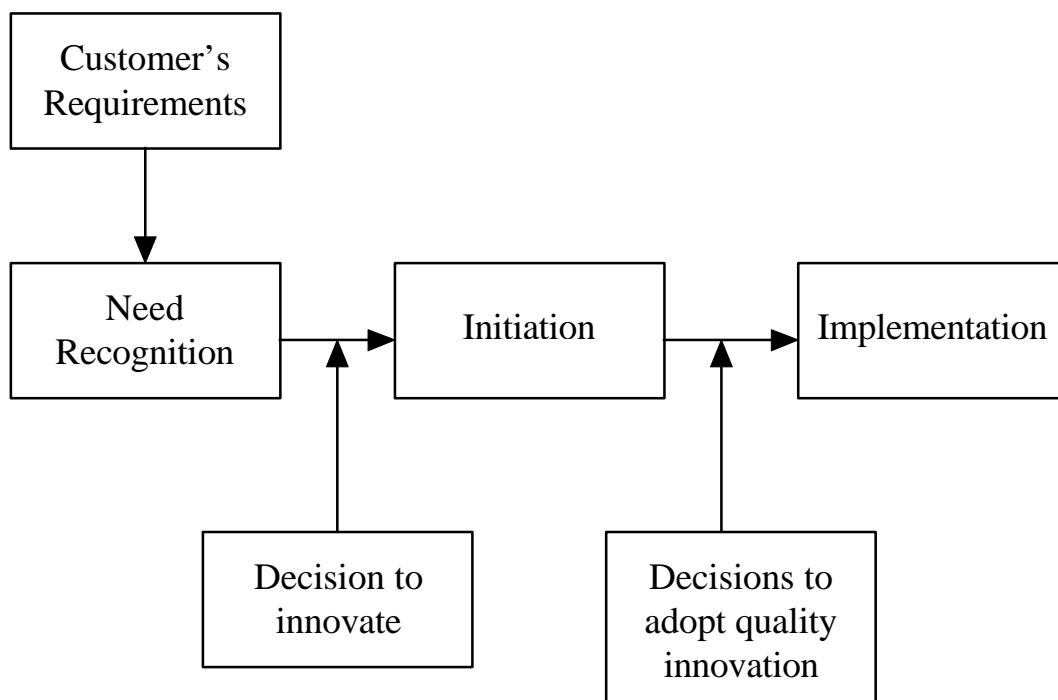
The innovation process involves three stages – need recognition, initiation and implementation – illustrated – **Figure 3.5**.

First, performance problems are usually recognized initially by customers. If product prices become too high, if quality decreases, or if delivery becomes less timely, the consumer may immediately switch to competitors. To facilitate change, a good 'change agent' must recognize the systemic quality of organizations and be prepared for each change interaction with task performance.

Change can be achieved through a power equalization strategy by involving lower-level personnel, or it may be imposed by the top down. Innovation requires an organic setting for idea initiation and a mechanistic structure for implementation. One may separate these responsibilities departmentally, but link them together through an integrating device like a project team or liaison position. One may also encourage innovation through the manipulation of organizational symbols. The organization's culture and power systems can

provide invaluable support for innovation. Incremental, piecemeal change often is more suitable, but requires continual adjustments.

Figure 3.5 Stages in the Quality Innovation Process



CHANGING THE ORGANIZATIONAL CHARACTER

An organization's character dictates how the people in it behave, respond to problems, and interact with each other. If the existing culture is a quality culture, it will have the following characteristics:

- Open, continual communication.
- Mutually supportive internal partnerships.
- Teamwork approach to problems and processes.

- Obsession with quality improvement.
- Total employee involvement and empowerment.
- Sincere desire for customer input and feedback.

Strategies for changing the organizational character so as to establish a quality culture involve specific planning and activities. Specific planning and activities include:

1. Identify the attitudes, behavior, processes and procedures that are to be changed.
2. Put the planned changes in writing.
3. Develop a comprehensive plan for making the change.
4. Make sure all change advocates are familiar with the emotional transition people go through when confronted with change.
5. Identify the key people in the organization who can either make the conversion work or not.
6. Enlist these key people in the change effort.
7. Take a hearts-and-minds approach when introducing TQM.
8. Apply 'courtship strategies' to bring people along slowly but steadily.
9. Provide adequate training and education to everybody.

INTERVENTION

Intervention refers to an array of planned activities participated in by both the Process Consultant and the client, including shared observations of the

processes occurring between members of a group or of an organization for the purpose of improving the effectiveness of the processes.

The intent of the intervention is to alter the status quo by examining its present ways of work, norms, and values, and looking at alternative ways. The facilitator of a cultural management program will often use intervention.

Intervention requires an external consultant or internal HR specialist to carry out the following activities:

- Helping the client determine its current level or state (data gathering).
- Assisting in a collaborative analysis of problem areas and planning strategies of change (diagnosis).
- Providing new and challenging alternatives for the client to consider but not ready-made 'expert' solutions.
- Helping people to structure their thoughts so that logical, coherent and practical solutions to problems emerge from the process.
- Acting as a catalyst or adviser, not as a team leader.
- Intervening and facilitating change from the current state to the desired state.
- Doing everything possible in order to get the group to feel it owns the solution or course of action.
- Insuring that decisions are recorded and feedback given to the right people, and that plans are made to implement decisions.

TOP MANAGEMENT'S ROLE

Leading a change effort is different from managing it. Managing is mostly rational and depends on systematic and logical elements such as goal setting, problem solving, analysis, and effective communication. On the other hand, leadership depends on capacities that are non-rational and non-analytical. Leaders respond to and bring out powerful emotions that can spur people on to accomplish things with great dedication.

In addition to their position of authority, top management relies on a quality known as 'charisma' to develop culture. Charisma arises from things such as self-confidence, conviction, interpersonal skills, creativity, perspective and energy. When formal authority and charisma are combined with other more concrete mechanisms, the top management can have a profound effect on culture.

There are two levels of mechanisms that top management can use to develop culture. The primary mechanisms include:

- What leaders choose to emphasize, measure, and attempt to control.
- Reactions to critical incidents and crises.
- Deliberate role modeling, teaching, and coaching.
- Criteria for allocation of rewards and recognition.
- Criteria for recruitment, selection, promotions, retirement and dismissal.

Secondary mechanisms that further assist in embedding culture include:

- The organization's design and structure.
- Organizational systems and procedures.

- Design of physical space and buildings.
- Stories, legends, myths, and parables about important events and people in corporate life.
- Formal statements of organizational philosophy and creeds.

THE ROLE OF HR SPECIALIST

One of the most difficult challenges to culture change is developing the role of the HR specialist.

To implement a program of planned change, the HR specialist must first identify a gap between the current situation and some desired condition. This requires an understanding of:

- The existing culture and climate within the organization, including attitude to change.
- The hierarchical structure and key elements of organizational design.
- The underlying skill base.
- Current approaches to employee communications and, more importantly, their effectiveness.
- Detailed knowledge of the impact and effectiveness of the people processes, such as recruitment, reward systems, appraisal systems and training and development issues.

Nowadays, the role of the HR specialist is extended in many organizations in the direction of internal consultancy on issues concerning culture change and management. Internal consultants have certain advantages inherent in their relationship with the organization. They are familiar with the organization's culture and norms and probably accept and behave in accordance with the

norms. This can save considerable time in becoming familiar with the system and in being accepted. Internal consultants know the power structure, who are the strategic people, and how to apply leverage. He or she is already known to the employees, and has a personal interest in seeing the organization succeed.

The position of HR specialist to act as an internal consultant also has disadvantages, one of the most significant of which may be the lack of specialized skills needed for TQM transformation. Another disadvantage relates to lack of objectivity. There is evidence to suggest that internal HR specialists may be more likely to accept the organizational system as a given and accommodate their change tactics to the needs of management. Finally, the internal HR specialist may lack the necessary power and authority.

