CQI Certificate: People in Quality
UNIT 301

Element 1: Oganisational Values, Culture and Quality Performance
SAMPLE MATERIAL

(Material correct Summer 2013)

Principles of Organisational Behaviour

Key Information

- Four fundamental factors that influence organisational behaviour are:

    - Values.

    - Culture.

    - Climate.

    - Structure.

- All of these fundamental factors interact with one another.

- Understanding of these factors is an important prerequisite for successful change management.

- A quality-orientated culture promotes the importance of quality and continuous improvement within the business and, ideally, along the total supply chain.

Organisational Values

Organisational values can be defined as:

"Beliefs and ideas about what kinds of goals members of an organization should pursue and ideas about the appropriate kinds or standards of behaviour organisational members should use to achieve these goals.

From organisational values develop organisational norms, guidelines, or expectations that prescribe appropriate kinds of behaviour by employees in particular situations and control the behaviour of organisational members towards one another."

Source: Charles W. L. Hill and Gareth R. Jones, *Strategic Management* (2001)

Many organisations develop a set of values to which they expect everyone who works on their behalf to adhere or aspire. This provides guidance for individuals on what is good, desirable and ethical behaviour.

These organisational statements relating to business values will clearly differ from business to business. Have a look at the example below from the Toyota Industries Corporation.

Case Study

Toyota introduced a corporate vision and a set of common principles entitled 'The Toyota Way'.

Within the Toyota Way are five core values that are shared by all Toyota Industries employees. All Toyota team members, at every level, are expected to apply these values in their daily work and relations with others.

- Encourage Professional Excellence – we develop our strengths and think and act responsibly.

- Customer First – we forge partnerships with our customers and strive to exceed their expectations.

- Welcoming New Challenges – unbound by convention, we embrace the challenge of creation.

- Encouraging Teamwork – we recognise the human worth of each individual and collaborate to achieve.

- Global Perspective – learning from the best in the world, we aim to become the best in the world.

This corporate culture was relatively easy to disseminate when Toyota's manufacturing was located only in Japan. However, given the company's current global production activities there are now many different international cultures to be taken into account in regard to the uptake of these Toyota principles.

Organisational Culture

The culture of an organisation refers to the deep-seated values which underpin it. It is manifested through a number of features and it is now recognised that the culture is fundamental to the success or failure of an organisation in meeting its aims.

However, the phenomenon that is culture is a difficult concept to grasp as it can neither be seen nor touched. It is not something which is written down or easily stated. Rather, it is an intangible mixture of rules, relationships, values, customs, etc. which together describe the distinctive 'feel' of the organisation. It is within this culture that individuals work and from which they learn the norms and values to which they are expected to subscribe.

Culture often becomes the focus of attention during periods of organisational change – when companies merge and their cultures clash, for example, or when growth and other strategic changes mean that the existing culture becomes inappropriate and hinders rather than supports progress. In more static environments, cultural issues may be responsible for low morale, absenteeism or high staff turnover, with all of the adverse effects those can have on productivity.

In today's customer-driven markets, it is essential that the concept of quality forms an integral part of the culture of an organisation. Increasingly, many businesses operate on an international stage and so global considerations are also important, such as:

- The impact of different cultures.

- International partnerships.

- Working relationships with (global) stakeholders, suppliers and customers.

- Global communication.

So, for all its elusiveness, corporate culture can have a huge impact on an organisation's work environment and output. This is why so much research has been done to pinpoint exactly what makes an effective organisational culture and how to go about changing a culture that isn't working.

Organisational Climate

This refers to the ways in which people involved with the organisation (its stakeholders and its competitors) perceive that organisation. For example:

- The degree to which it is friendly or formal/distant.

- Whether it is people-orientated or task-orientated.

- How concerned it is with the welfare of its employees.

- Whether it is characterised by conflict or co-operation between teams and departments.
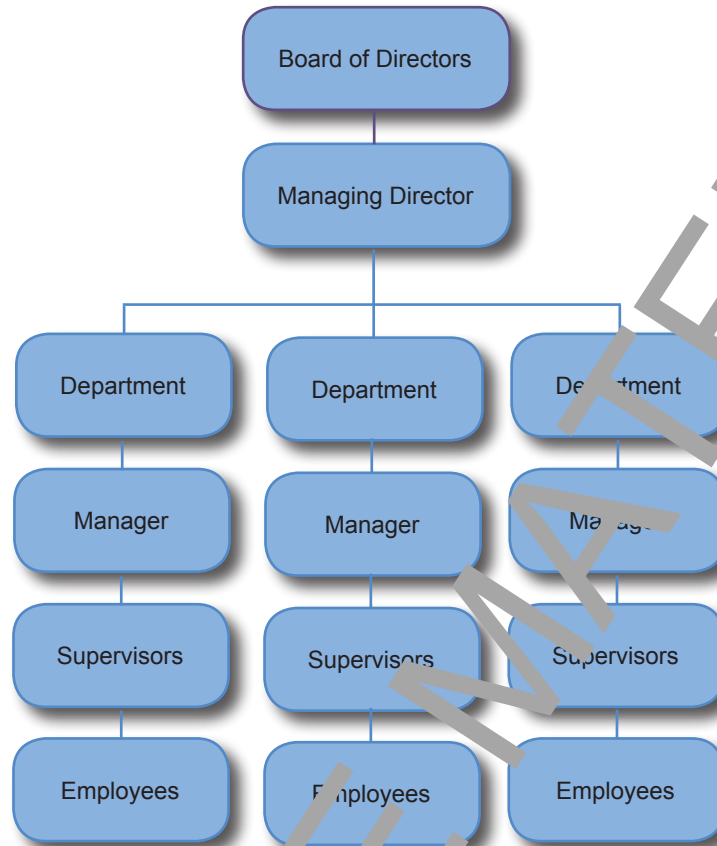
Organisational Structure

Structure refers to the arrangement and interrelationship of the component parts and positions of an organisation. Whereas culture is hidden, structure can be seen and drawn in organisational charts.

Organisational charts usually show the relationships between directors, managers and workers who make up an organisation. In many large companies the organisational chart can be quite complex and is therefore sometimes shown in generic departmental terms, then broken down into detailed individual departmental charts.

There are many different types of organisational structures, which we will discuss in detail later in this study element.

Structures used within an organisation are often reflective of its business culture.

Example of an Organisational Chart

Interaction of Organisational Behaviour Factors

Four fundamental components of organisational behaviour have been introduced in this section. They all interact with one another but each of them needs to be understood and managed accordingly.

The importance of organisational culture is stressed in the publication *Diagnosing and Changing Organisational Culture*:

"... It is a powerful, latent, and often unconscious set of forces that determine both individual and collective behaviour, determines strategy, goals and modes of operating. Leaders' and managers' patterns of thought and activities are often determined by culture."

Source: K.S. Cameron and R.E. Quinn, *Diagnosing and Changing Organisational Culture* (1999)

This powerful set of cultural forces can often result in barriers that prevent organisational change. For example, quality improvement initiatives will often result in the empowerment of operators. Existing supervisors might resent this 'erosion of power' fearing that their authority is being lost. This change of quality ownership, whereby quality is now 'owned' by every employee, will necessitate a cultural adjustment. To successfully achieve this transformation it is important that management and supervisors understand the components of corporate culture and how they might be changed.

Jargon Buster

Empowerment

Allowing workers to make certain decisions without having to seek the permission of a supervisor.
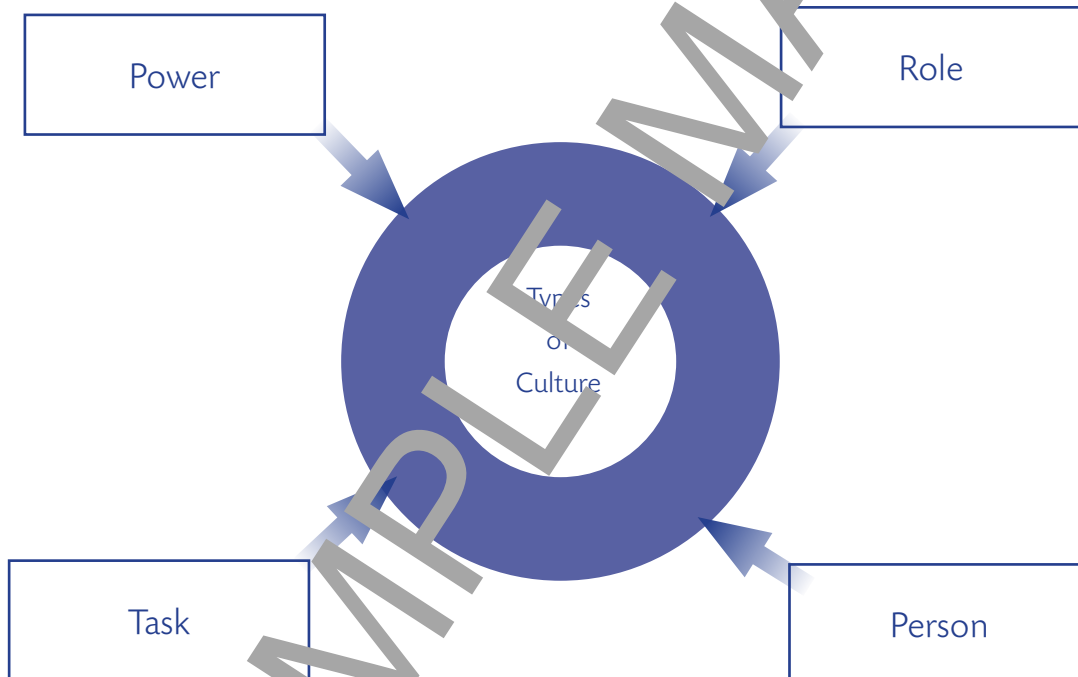
Topic Focus

Classifications of Culture

As you can probably imagine, numerous writers have tackled the subject of organisational culture. For our purposes we will use the work of the management thinker Charles Handy, who has had significant influence on organisational thinking.

Handy popularised the idea of organisational cultures being identified as four types:

- Power.

- Role.

- Task.

- Person.

Power

Role

Types
of
Culture

Task

Person

Handy believes that organisations have a system of beliefs and values which form the basis and foundation of their particular culture.

Handy argues that these four cultural types are closely related to the organisational structure which is adopted by senior/top management.

(Continued)

Topic Focus

The following table summarises the main points from Handy's work:

Handy's Cultural Classifications		
Culture Type	Description	Key Points
Power	The organisation is characterised by a central power source. Power derives from the senior person.	• Manager is the source of all the power. • Organisation has a limited amount of rules, procedures and policies – employees rely on past practice. • Organisation is quite flexible and can often adapt quickly to change. • Works well in a small organisation.
Role	A role culture creates a highly structured, stable company. There is significant emphasis on bureaucracy, i.e. rules and regulations.	• Formal policies, procedures and practices, including job descriptions, are the focus. • Organisational authority is clearly defined, with an emphasis on procedures, e.g. processes, communications, etc. • Organisational structure is often populated by senior managers at the head of the business. • The role of the person and their ability to perform the job is central to the culture. • These organisations often have difficulty adjusting to changes in the external environment due to the mechanistic nature of the business. • Role cultures are often the organisational norm for large bureaucracies, e.g. large private companies, public sector organisations, etc.
Task	The emphasis is on results and getting things done. Individuals are empowered with discretion and control over their work.	• Based on jobs or projects to be carried out and the emphasis is on completing the job. Flexible or 'matrix' organisational structures may be required to support this approach. • More flexible than the role culture; suited to a business that has to adapt quickly to changes in its market place. • Suited to responding to changing customer requirements and where the product life cycles of products and services are short. • The most difficult issues for managers in the task culture are controlling work, co-ordination of resources and budgeting. • Task-orientated organisations typically include project-based companies, e.g. advertising agencies, consultancies, research and development.
Person	The individual is the central point of a person culture. Employees tend to have strong values about how they will work.	• Individual is the main focus. • The organisation and its structure exist to serve the individual's objectives and aspirations, e.g. a university. • A person culture is about being able to 'do one's own thing' (which suits self-orientated individuals). • This culture is found in businesses such as solicitors, small consultancies and other professional groupings. • They are often very difficult organisations to manage.

Quality-Orientated Culture

Charles Handy succinctly defines the generic types of business cultures, but there are many variations of these basic definitions. In the context of this course of study, a quality-orientated culture is very pertinent, and can be defined as:

"A business in which all employees are keenly aware of the importance of quality and continuous improvement."

In general terms, a quality-orientated culture strives to achieve the following:

• Providing customers with products and services that not only satisfy their needs, but exceed their expectations wherever possible.

• Quality in all aspects of the company's operations, e.g. people, facilities, etc.

Key components of a quality-orientated culture are illustrated in the diagram below:

Quality-Orientated Culture

| Quality Products | Quality People | Quality Services | Quality Facilities |

Components of a Quality Culture

Within a quality-orientated culture, two typical key pre-requisites for achieving cultural goals are:

• Processes being done right first time, every time.
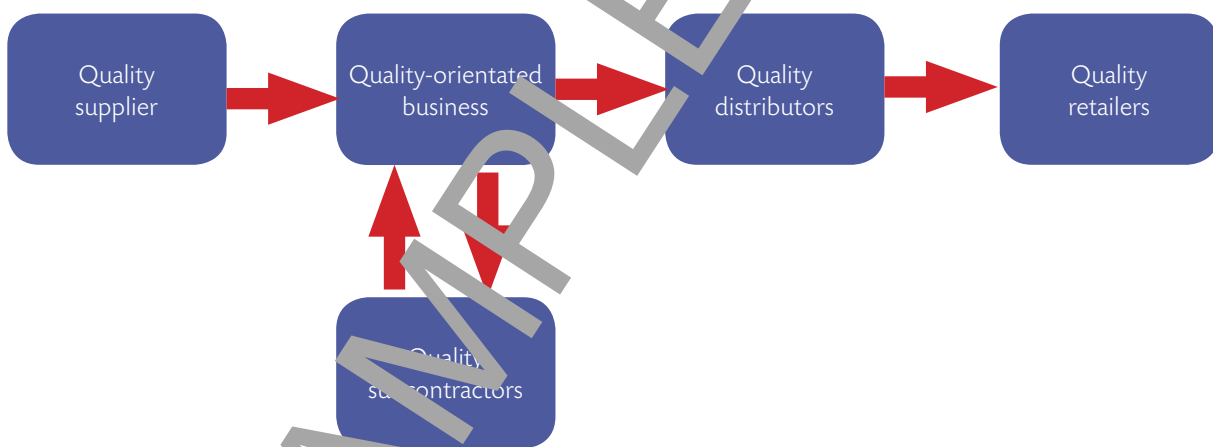
• Waste continuously being removed from operations.

In such environments, all employees from the chief executive downwards need to be engaged in achieving these goals. This will usually result in employees having a high degree of involvement in and ownership of their working processes.

Importantly, the extent of a quality culture does not stop inside the business. It needs to also permeate the activities of the supply chain (both upstream and downstream) and as such will typically include:

- Vendors.

- Suppliers.

- Subcontractors.

- Distributors.

- Dealerships.

- Retailers.

- Franchisees.

A typical example of a quality-focused supply chain is shown in the diagram below:

Quality-Focused Supply Chain

The ideal scenario is to get everyone who is involved in the supply chain 'on the same quality culture wavelength'. For most companies this is easy to say, but a lot more difficult to achieve in practice due to the number of different businesses involved. This task becomes even more complicated when international cultural differences exist.

Organisational Infrastructure and Superstructure

The structure of an organisation is the formal pattern or framework of interactions and co-ordination designed by management to link the tasks of individuals and groups in the achievement of organisational aims. Often, the shape or **infrastructure** of the organisational structure reflects the culture of the business.

The table below summarises some common business infrastructures:

Infrastructure	Characteristics
Rigid or Flexible	**Rigid** infrastructures are bureaucratic, characterised by behaviour governed by a strict set of rules stating how the organisation is to be run, the criteria for promotion, etc. **Flexible** infrastructures are open to change to meet new challenges; organisations are not overburdened by rules and precedents.
Centralised or Decentralised	In a **centralised** infrastructure, decisions are taken at the top and passed down through layers of management. **Decentralised** infrastructure spreads much of the decision-making to various parts and levels of the organisation. Decentralisation can be further evolved to embrace the concept of empowerment, where employees are allowed to make decisions at the point where work is being carried out, although the decisions will be guided by the core values of the organisation, e.g. 'quality' or 'customer care'.
Tall or Flat	A **tall** organisational structure has many layers of management. A **flat** organisation has relatively few layers between top management and the front-line operators of the organisation. Many organisations are using the technique of delayering, i.e. the stripping out of layers or levels of management, to convert traditional tall structures into flat structures. Delayering attempts to save costs and increase responsiveness within the business.

The infrastructure of the business will be further influenced by the staff and tasks, which are deployed and grouped into various departments, sections and teams – this is sometimes referred to as the **superstructure**. Organisations may adopt a number of possible patterns or groupings of superstructure, including:

- **Product** or **service** – for example, a sales department might be sub-structured to represent 'presales' and 'after-sales' services.

- **Process** – in manufacturing, similar types of machines are often grouped together, e.g. all machines performing pressing operations might be grouped together and collectively called the 'press shop', these being the direct responsibility of the press shop manager.

- **Function** – an organisation's structure may be represented by departmental functional activity, for example:

  - Finance.

  - Human Relations.

  - Design.

  - Engineering.

  - Operations, etc.

- **Markets** – for example, a sales department might be structured to represent geographical areas of the world, e.g. European sales, Far East sales, South American sales, etc.

In reality, most businesses will take both infrastructure and superstructure into consideration when developing an organisational structure appropriate to satisfying their customers' needs.

Revision Questions

1. Briefly describe 'organisational culture'.

2. Outline the four types of organisational culture as described by the writer Charles Handy.

(Suggested Answers are at the end of the unit.)

Implications of Culture and Quality Management

🔑 Key Information

- In a power culture, initiatives such as implementing quality systems and improvement projects must be supported by the central power authority – i.e. the boss – if they are to be successful.

- Implementing quality systems in a task culture can be quite straightforward, but bringing about subsequent change and achieving quality ownership is often difficult.

- In a task culture, the introduction of quality systems might be perceived as restrictive practice, but equally these systems also provide the framework from which projects could be developed on an individual basis.

- In a person culture it is difficult for employees to share a common vision or goal. As such, introducing and sustaining change within such a culture can be very problematic.

- Introducing a quality-orientated culture has to be driven from the top of the business and therefore management must take responsibility for this goal. Achieving this type of culture will not be a 'quick fix' so short-term pressures and problems must not be allowed to deflect management from their long-term quality goals.

So, in the world of the quality professional, why is it important that we understand the meaning of culture? As companies strive to achieve higher levels of quality in their products and services via continuous improvement initiatives, organisational culture can either assist or severely restrict them. In other words, culture can have either a positive or negative influence on business operations in general and specifically on the task of managing quality.
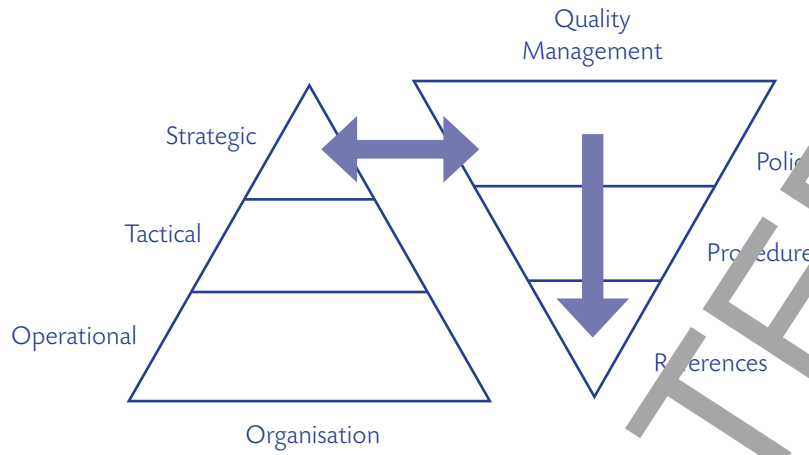
Using Handy's cultural classifications, let us now examine the implications of such cultures for the operation of quality management.

Power Culture

As we have already seen, this type of culture is developed around a central figure for its operating strength. Also, in small entrepreneurial companies responsiveness is a key ingredient for competitive advantage and perhaps survival. Introducing a structured quality system and quality improvement initiatives into this culture can often meet with resistance due to the fear of reducing flexibility (i.e. having to follow a procedure) and unnecessary associated costs. If these type of initiatives are to be successful in such a culture it is essential that they must be supported by the central power authority, i.e. the boss. This 'top down' requirement is represented in the following figure.
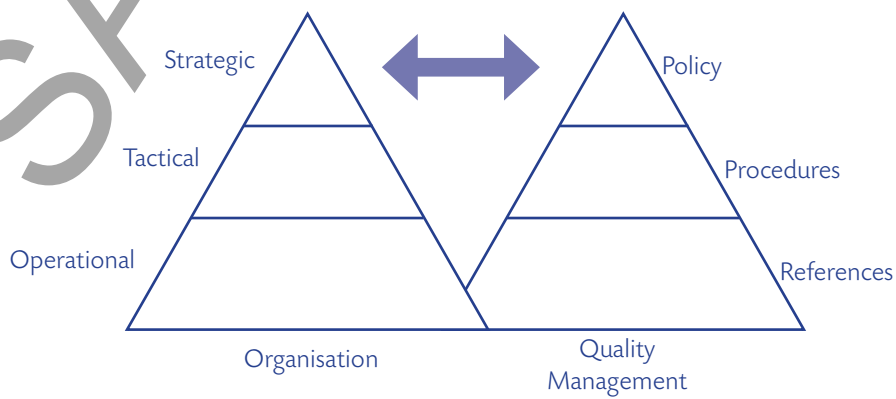
Power Culture and Quality Management

Role Culture

The role culture is based around the job or role rather than the person; the term 'hierarchical' is regularly used to describe such organisational structures. We would often associate this culture with predictability and this highly bureaucratic framework would appear ideal to support the implementation and management of quality systems and improvement initiatives.

However, these cultures are often representative of larger organisations where it is possible for 'subcultures' to develop, e.g. where the culture in Accounts is very different from that in Purchasing. This is often a consequence of departmental barriers existing within organisations and can lead to localised views and opinions being developed.

Whilst the implementation of quality systems and procedures is often quite straightforward within the role culture, attempting to bring about change can be a slow process. Also, developing the theme of quality ownership is often difficult as it is often perceived as being 'not part of my job' by employees.
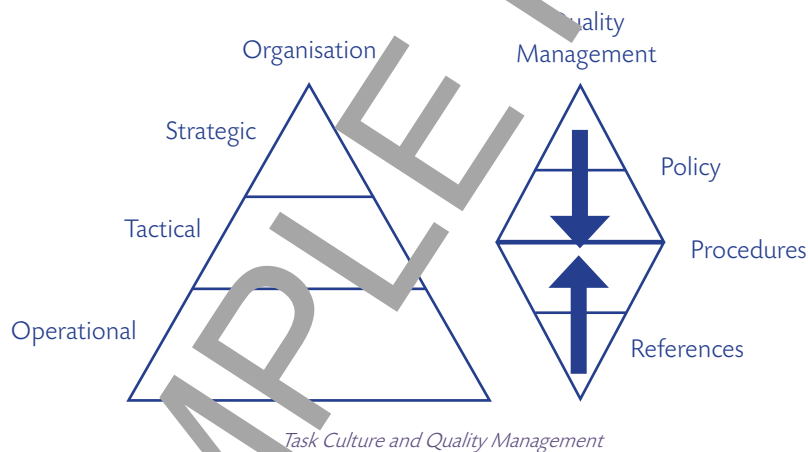

Role Culture and Quality Management

Task Culture

Earlier in this element, we described a task culture as one where the emphasis is on getting things done and individuals are empowered with discretion and control over their own work. These cultures are often project-orientated. Although a structure exists, it is often flexible and capable of being formed and reformed depending upon the task at hand. Task cultures will need to have quality management and associated procedures which reflect this.

These types of organisations and associated cultures are frequently populated by self-motivated individuals and care must be taken to prevent the introduction of quality systems that are seen as restrictive procedures by these often innovative employees. On the other hand it could be argued that the introduction of quality systems might provide the framework from which projects could be developed on an individual basis. Consequently, the following figure shows a hybrid representation of both a 'top down' and 'bottom up' attitude to quality procedures and improvement processes.

Task Culture and Quality Management

Person Culture

Finally, the person culture, as described by Handy, is that of educated and professional individuals, e.g. consultants. Although it is typical of small professional practices it can also be found in specialist areas of large businesses, such as IT.

Specialist individuals typify a person culture mainly because many individuals, consciously or subconsciously, believe themselves superior to the organisation due to their particular skills.

Within such person cultures it is difficult for employees to share a common vision or goal. As such, sharing a common culture is problematic; often, various subcultures are evident within the same department.

Introducing and sustaining change within such a culture can be very problematic. In the extreme, survival can become difficult for such organisations in today's ever-changing business scenarios. The most appropriate application of such cultures can often be in small business partnerships where each partner brings particular expertise to the business.

The person culture is probably the most difficult culture in which to harness quality frameworks and practices.