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IMPACT OF ORGANIZATIONAL CULTURE ON SUCCESS OF TQM/ISO 9000 PROGRAM

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CULTURE

The Latin word, *colo,-ere*, meaning “to cultivate” is believed to be the origin of culture. Generally “culture” is used in reference to collective humane behaviours. This provides us the theoretical background to understand human activities. People call it “the way of life” which includes diverse things including religion, beliefs, dress, language, values and norms. Wikipedia, the free encyclopaedia, provides many definitions of culture attributed to many people. One of these is by Sir Edward B. Tylor (1871), who writes’ “Culture or civilization, taken in its wide ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society”. According to this website, the culture has been defined by UNESCO (2002) as, “---- culture should be regarded as the set of distinctive spiritual, material, intellectual and emotional features of society or social groups, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs”. Most of researchers has focused on the objects, mentioned in the above definitions, and some other related things while trying to understand the virtues of different cultures. These are mostly the outcomes but some have analysed the inputs also which can be said to be as “the HOWs”. According to Dr. Uichol Kim, who has to his credit extensive work in areas like, parent-child relationship, education attainment, school violence, organizational culture, health, subjective well-being, democracy, human rights and political-culture defines culture as “the collective utilization of natural and human resources to achieve desired outcomes”. If we scan the pages of history and examine various cultures developed around the world, we notice that some cultures have more common things while others are totally different. These similarities and differences are more related to emphasis rather than quality. According to Wikipedia, “beliefs focus on how outcomes are achieved and meanings and values are attached to the outcomes and resources and processes used to achieve the positive outcomes or avoid the negative outcomes.”

Understanding of the culture and its development becomes comparatively easier if we focus on its basic components like values, norms, institutions and artefacts. Values are the ideas which are given importance in particular culture, whereas as norms will reflect the behaviours, of individuals belonging to a particular culture, in different situations. In short, understanding of a culture requires knowledge of the values and norms it cherishes. In her article “Age: 59. Vision: 6/60”, published in daily DAWN date September 10, 2006, Andaleeb Abas stress the importance of the values on the vision and resulted culture/behaviours. She writes, “the problems of Pakistan stem from the fact that the leaders of Pakistan have failed to inculcate the core values of unity, faith and discipline in the masses. It is this lack of unity at all levels, this shallowness of faith in our
national abilities, and this dearth of discipline in all spheres of life that have made a 59-year-old country behave and look like a toddler who finds it difficult to stand on its feet.” Another view about the impact of culture and values on the outcome of organizational activities is expressed by Farid Elashmawi and Philip R. Harris (1993) in their book, Multicultural Management. They write, “From the outside, a tree grown in California would probably look just like the tree grown in Japan. However, the growth of each tree is largely dependent on the soil that the roots of the tree have to “interact” with in order to grow. The strength of the roots is also dependent on the environment the tree is exposed to, from sunshine to thunderstorms. Imagine the values of a particular culture represented as the roots a tree. These roots (values) are the source of strength needed by the tree to survive in the surrounding environment (society). Of course, we don’t really see the roots, but are constantly exposed to the tree nevertheless. The type of fertilizer and water fed to the tree contributes significantly to the growth of it (reward). In addition you cannot transplant a tree into other soil unless you prepare the roots for the new soil.

The roots of each tree may have different form, much like the culture they represent."

Cultures develop and undergo changes as the time creeps forward. Values and norms are reshaped through interactions with other cultures in the world. The main drivers of these interactions are exposures through international movements, trade and information exchange mechanisms. The recent developments of information technology have magnified the role of electronic media in this change because nowadays no one can be practically unaware and unaffected by the events in any corner of the globe. Depending on the traits, cultures do embrace and resist changes at the same time. Cultural changes are, normally, complex and have for-ranging effects. Our national poet, Alama Muhammad Iqbal, says that “Sabat Ik Taghayur ko hey zamaney main. (Change is the only consistent thing in the world)” and culture is no exception.

Businesses, throughout the world, operate in unique ways of their own. This means that each business entity has got its own way of doing what it does and expresses it in its own peculiar way. We can say that every organization has its own culture. The assumptions, values and behaviours that an organization exhibits can be described as its culture, which is highly dependent upon the nature of business the company is in and the actions taken by its top management to meet various challenges faced in different stages of its history. A particular type of culture is developed through management actions and is reflected in the vision and mission statements of the organization. Vision statement is a dream expressed in words. It reflects the collective thoughts of all the stakeholders of an organization as to how they see their organization in long term (10 to 20 years from now), where as a mission statement is comparatively short term (3 to 5 years) focussed and is the vehicle which helps the organization to march towards its vision. A brief and inspiring vision statement would represent the dynamism of an organization; however, it is not the essential. A vision statement must have the strength to portray the future picture of the organization in the eyes of its stakeholders. The crisp vision statement of the company, which under focus in this study, is: “First Choice for everyone”. This short sentence tells us that the stakeholders want to see that it excel its competitors in each and every area. On the other hand the vision statement of California State University Monterey Bay (CSUMB) is about one page long but it serves the purpose very well. Just one sentence from this vision statement is sufficient to explain the dreams of its stakeholders. It says, “The identity of the university will be framed by substantive commitment to multilingual, multicultural, gender-equitable learning”. While vision statement is the dream of the stakeholders, the mission statement is a vehicle which takes helps move
towards the vision. CSUMB says about its mission statement, “While the Vision sets the target, the university mission guides day-to-day operations. Every day, every faculty member, staff employee, and administrator works...

To build a multicultural learning community founded on academic excellence from which all partners in the educational process emerge prepared to contribute productively, responsibly, and ethically to California and the global community.” While the mission statement of the company under study states, “To transform the company into PTC to perform with speed, flexibility and enterprising spirit of an innovative, consumer-focused company”.

The company under study is involved in the manufacturing and marketing of fast moving manufactured goods (FMCG) and CSUMB is focused on education and research. A thoughtful consideration of the mission statements, given above, reveals that although in totally different, fields two things are common in them:

1. Customer focus
2. The quest for excellence and to excel.

These and other factors like these are the factors that influence directly the strategic plans of the concerned organisations. Strategy being the broad guidelines provides the base for the annual as well as the tactical plans to deal with the day-to-day business challenges. In the modern society global businesses are not guided alone by the vision and mission alone because “what has been achieved” is not enough in the eyes of the stakeholders, they also focus on “How the targets have been achieved”. So this creates the need for core values which the organisation cherishes. The company, under the focus our study, calls it its guiding principles and has formulated its core values as:

1. Open minded
2. Strength from diversity
3. Freedom through Responsibility
4. Enterprising spirit.

A number of senior managers explained as to what they meant by the above. A brief explanation of the above, as given in the company’s website is reproduced below.

OPEN MINDED: Be an active listener, genuinely consider others’ viewpoints and not be pre-judgemental.

1. Encourages everyone to contribute, actively listens, is respective & open to different perspective.
2. Questions and challenges the conventional.
3. Engages in constructive dialogue to deepen understanding of what expected.
4. Networks efficiently and leverages information, ideas and experience across the company.

STRENGTH FROM DIVERSITY: Actively utilizes diversity of people, cultures, viewpoints, brands, markets and ideas to create opportunities and maximize performance

1. Optimizes the diversity of people and ideas to create opportunities and competitive advantage.
2. Creates a working environment where everyone can flourish and succeed.
3. Shows respect for individual differences.

FREEDOM THROUGH RESPONSIBILITY: The freedom to make decisions and take actions comes with comes with accepting personal accountability and responsibility to all internal and external stakeholders.

Takes decision and actions by accepting personal responsibility within the
parameters of the organizations’ strategic goals. Pushes decisions down the organization to appropriate level, as close to consumer as possible.

1. Accepts responsibility for decisions taken.
2. Acts with integrity and solid business ethics.
3. Takes personal responsibility for continuous learning and development, allocating meaningful time and resources against this.

ENTERPRISING SPIRIT: The confidence to passionately take on opportunities for success, to strive for innovation and to accept the considered risk taking that comes with it.

1. Seeks out opportunities for success, strives for innovation.
3. Delivers what is promised and continually strives to outperform

Similarly the core values as narrated on the website of CSUMB are:
“We have identified seven core academic values based on the Vision. These provide a common focus for our academic programming, enrollment efforts, budgeting, fundraising, and general operations.

• Applied, active, and project-based learning activities
• Interdisciplinarity
• Multicultural and global perspectives
• Technological sophistication
• Service learning
• Ethical reflection and practice
• Collaboration

A glance at the core values of both the organizations tell us about the core values that although wordings are different, the essence of both is the same and provides similar directions on “how to march towards goals of the mission and vision statements.” Both have emphasis on team work, multicultural and global perspectives (strength from diversity) and enterprising and collaborative culture. No organization will have exactly the same culture to another organization but generally two types of cultures are explained in available the related text.

1. Autocratic
2. Democratic

While the first represent total dependence on the top management’s guidance and decision making for formulation of the strategies, the second represent involvement of all the team members and depends on the collective wisdom of the team. Top-to-bottom approach is followed in the autocratic style while the democratic style goes for consistent and effective two way communication on all matters.

In actual life none of the two styles exists in its purest form, rather these are the two extreme positions a cultural continuum as shown in the figure.
John Whitmore, in his book, Need, Greed or Freedom, broadly defines three levels of consciousness in an organization. These are Transaction, Self-Expression and Mutuality. Each one of the above depicts certain organizational behaviour/culture, a summary is given below.

1. **Transaction**: At the lowest level, represents hierarchical organization, motivation by fear and hope of reward with major issues of control, gain & loss and security.
2. **Self-expression**: When an organisation moves towards maturity, it is characterized by irreverence, individuality and fluidness. The culture encourages taking high risks and the attitude of swim or sink, contribute or die, and high-risks-high-rewards.
3. **Mutuality**: The organization is at the higher level of maturity and the focus is on quality, contributions, responsive service, people orientation, trust, high level of communication and systems are developed to serve the people and the task.”

If we analyse the leadership style and the resulting culture in any organization, we will find it somewhere on the continuum between the two extremes. In the past most of the organizations were more near the autocratic type but more recently a shift towards the democratic end (Mutuality) has been observed due to realization of the business benefits from team work and ownership resulting from active participation. This shift in the paradigms is having far-ranging effects on the strategic and tactical behaviour of organizations which is a true reflection of changes in the culture. In order to keep pace with the global developments and remain competitive in the market, organizations do undertake certain activities to bring about positive changes in its culture as will make its people to be ready to embrace changes with open minds. The issue is that it is easy said than done. Just like, as mentioned above, the cultures of different societies, organizational cultures also resist changes and it is the responsibility of management to make the ready to accept the change. Organizations adopt structural and cultural changes when:

- The need for change is felt due to internal awareness.
- Market conditions dictate the change.
- Business is going nose down.

The company, we are focusing on, also embarked on a long journey of cultural change in 1997. The main reason was that the need for a change in “the way business was done” was felt due to loosing market share to the main competitor (in fact market leadership was lost), quality issues with the product, higher wastages and lower productivity. This was affecting the morale of the employees and turnover was high despite of the unemployment level in the country and comparatively better salary package of the company. Following paragraph
presents an overview of the conditions of the company at that time.

The company had strong brands and good people. The technology, as will as, the processes to support business in the market were outdated. Forecast would, typically, come from the boardroom and every month the deviation of actual performance was on the increase. Same was the case with quality figures and production plan. Production plans were never met and to bridge the gap, maintenance was sacrificed. This resulted in lengthy breakdowns meaning long hours for both management and staff. Performance review meetings would present the picture of an arena, where production would blame marketing for their ineffective marketing strategies and lack of market knowledge. On the hand marketing would say, “they can’t produce quality and expect from us miracles to sell thresh.” Finance would always be emphasising on cost cuttings. The whole company was focussed on cost-reduction rather than revenue enhancement. The result was an organization with good people wasting their energies on irrelevant things due to the prevailing blaming and authoritative culture and weak communication channels. Sales were going down and market share of the company was shrinking. Confidence of the major shareholders and money lending institutions was shaken, which was reflected from the low credit rating of the company resulting in high rate of interest. The company realised the situation and embarked on programmes which gave priority cultural changes over the new technology introduction. New technology was to be introduced at a faster rate but development of people and bring in appropriate cultural changes was the priority. A phased program was chalked out to accomplish this. A brief summary is:

1. **BEST2000**: Meaning “Building Excellence & Success Together”, this Total Quality Management program was focused on the concepts of process mapping and improvement, internal and external customers, team work and continuous improvement. The whole company was involved in this training program and after getting trained by a consultant, the top management imparted training to middle management  and was gradually cascaded to the junior most worker. Representatives of the worker’s union were actively involved throughout the program.

2. ‘Winning in Our World’ (WOW) Change Management Model. This was a program focused on the company vision and mission statements and the values it cherished. A two day practical workshop for all the employees starting from the junior most employee to the CEO.

3. Manufacturing Resource Planning (MRPII - Oliver Wight version 5 checklist): This program was started in a view to reduce the departmental silos effect and bring in synergy through integrated planning and deployment of resources. Mostly five areas were covered namely:
   a. Strategic Planning
   b. People and Teams
   c. Total Quality & Continuous Improvement.
   d. New Product Development
   e. Planning and control

   The work on the above was so enthusiastic and involved every one that the company was rated “class A” by Oliver White in all the 5 chapters.

4. **ISO 9000 Lead Auditor Training**: The company arranged two lead-auditor-training sessions for its managers and more than 40 managers attended these sessions and got qualified.

The company did not forget to make gradual investments in technology to improve productivity and reduce waste. All these activities started bearing fruits and the company took a U-turn in the market by regaining the lost market share and delivering after tax profit for the first time after seven years of consecutive losses. The confidence of share holders and money lending institutes was gradually restored and the morale of employees enhanced. The company also embarked on exports of semi-fished product. This necessitated ISO 9000
certification. The company did not take the usual way and followed a unique way; to my knowledge no company in Pakistan matches it.

The recent phenomenon of globalization, also efforts of the WTO, is resulting in reduction of barriers to the movements of capital, technology, raw materials, finished-goods and to some extent of man-power across the international borders. This is resulting in development of global supply-chains and in future it will be the efficiency and cost effectiveness of the supply chain, which will make an organisation more competitive. Among other developments, the growth of international trade has resulted in a rate-race for ISO 9000 certification among the companies of the third world companies like Pakistan. Organisations are getting certified without realising any benefits for themselves or their customers. The blame of failure, invariably, put upon the shoulders of the Quality Management System or the accrediting party with out realising the fact that a simple process of certification was adopted:

1. Hire a consultant
2. Let him work on the system development (Through documents only).
3. Prepare for audit. (The consultant’s objective is not to improve the processes of the client but to get it certified)
4. Get certified.

This process never included the assessment of the organizational maturity, without which a management system certification might prove to be a cost centre rather than a beneficial program. Before implementing any improvement program, an organisation must look into its own readiness to embrace the resulting change. Alexis Leon (1999) says, ““While many companies do not even understand the full implications of using ERP, they are nevertheless enchanted by the concept of integrated applications. But a mad rush into ERP, without the necessary business process discipline, will lead to more flops than hits.”

This is also reinforced by the example of environment and soil on the growth of a tree, which has been reproduce above, by Elashmawi and Philip. When we look into many organizations, both in the public and private sectors, in Pakistan, the ISO 9000 certification is used only on the billboards in front of the factories or on the official stationary. The real benefit which is development of a culture which encourages continuous improvement cannot be seen in most of the organizations. Talking to their employees does not give you an impression that they are proud of the recognition resulting from the certification. Contrary to this, every employee of the company under focus is aware of the certification and they know the benefits they have achieved after the certification. Although all the benefits may not be directly attributed to the ISO9000 management system certification, one cannot ignore its importance. In the last few years following improvements have been achieved:

- Productivity increased four folds.
- Real Manufacturing Cost remained at almost the same level.
- Regained market leadership.
- Product Quality Index improved to above 80% (Comparable with any imported product)
- Consecutive annual reports show increase in both operating and after tax profits.

Some of the results are:
The above achievements are by no means extraordinary. The company also recognises the impact of the quality management systems and TQM programs on its overall operations. To understand the success of the TQM programs and ISO9000 certification, we analysed the way the company went for ISO 9000 certification. The company got its managers (more than 40) trained as lead-auditors in June 1999 and got certified in third quarter 2001. This gap was due to a conscientious decision of the top management no to go for the certification for the sake of certification. Rather it preferred to wait for the appropriate time when the company culture was ready to embrace the change. The management set internal goals for itself before even thinking of applying for certification. The goal was to reach a level of product quality and improve the internal processes to a level in accordance with the existing systems of measures. A brief description is given below.

- **Product Quality index:** This is index developed by the parent company, on global basis, to measure the quality of product produced by all its operating companies. It covers almost all the parameters, to which consumer can be sensitive, from the product till its packaging. It also measures consistency in product parameters over the time period of 6 months and measures product quality in percent. The higher the percentage the better the quality.
• QuEST: (Quality Enabling Survey Teams). This is an international audit system, with annual cycle, to audit all the quality process of a company. The company being audited is rated on a scale of 1 to 4 by independent international auditors.

The company management developed the following grid.

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  100%  
  75%   
  50%   
  25%   
  0     
  1     
  2     
  3     
  4
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Audit Rating

The target was set to first reach the top right quadrant of the grid, that is to achieve above 3 level in the process audits and more than 70 % of the product quality index and then apply for the ISO certification. This journey was covered in two years but the result is the that the company gets through all the surveillance audits without any non-conformance (NC).

**SUMMARY AND CLOSURE**

TQM programs and ISO 9000 management system are, by themselves, good programs and organizations implementing them can benefit a lot in the form of process improvements, documentations and continuous improvement. It is also true that the recent growth in global trade has increased the need for suppliers to get their management systems certified through independent third party audits. Customers have shown confidence in certified suppliers, in certain cases customers demand for certification by an approved auditor. As a result, suppliers throughout the world are trying to get there processes audited and certified in accordance with international standards and Pakistan is no exception. There seems to be a sense of urgency for certification and that leaves a very important step of self-evaluation being ignored. Maturity of an organization and a culture which is ready to embrace the associated changes is essential for the success of such programs. Those organizations which did not go for certification hastily, and worked on their internal processes, people development and cultural changes first, are enjoying the benefits of these programs. On the contrary most others are suffering and blaming the management systems for not being effective. If the trend continues and continuous improvement does not become part of the organizational life as result of the certification programs, it is feared that the certifying bodies will start cancelling the certificates or the international business community might loose confidence in the whole process. We need to realise this, as a nation, and try to make the organizational cultures more conducive to changes and harness the full benefits of the TQM programs and ISO 9000 quality management systems.
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