Chapter Twelve: Organisational Culture

Model answers

Integrating Total Quality Management in Botswana

Discussion points

Is it suitable to attempt to introduce management techniques such as TQM into Botswana?

The prevailing national culture in Botswana presents a challenge to those seeking to introduce management techniques such as TQM. There is no history of workers taking responsibility for enhancing quality as that is seen as the domain of managers. Similarly, in a society characterised by tribal traditions, taking ownership of decision making or challenging superiors is an alien concept to workers. However, there are efforts being made in the country to change the mindset of workers. Schools and universities include Western-style management techniques as part of their curricula, the government has introduced incentives for companies to extend their training programmes around new management techniques, and consultancies and training providers, such as Excelle, deliver bespoke educational programmes designed to inform and educate workers and managers as to the potential of different techniques and the approaches to working relationships that underpin them. These initiatives are designed to enable the country to compete more effectively in global markets in the future, to generate economic wealth and to become more efficient in their key industry sectors. It may take some time for cultural change to emerge but from an economic and development perspective, it is suitable for countries such as Botswana to attempt to integrate new management techniques into their working practices.

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Should managers intervene to alter national cultures to suit their commercial interests?

This question has philosophical and ethical aspects to it as well as commercial and business ones. Much depends on what perspective one takes when addressing this issue. Some critics of globalization point to the erosion of national cultures as being one of the negative effects of governments seeking rapid economic growth, especially in developing countries where indigenous cultures remain strong. To effect economic growth managers have to try to introduce the techniques that help businesses compete in global markets. However, this may compromise some deeply held beliefs and values that have a positive effect for social cohesion. Governments need to determine the balance between economic growth and development against that of preserving the character of the national culture. Managers then take their lead from government in determining how and when to implement strategies to achieve their stated aims. There are many examples of governments pursuing economic growth at the expense of the preservation of the indigenous culture. The massive Three Gorges dam in China displaced millions of people who had a occupied the banks of the Yangtze river for centuries; Amazonian rainforest tribes have been marginalised by extensive logging in Brazil; and the Ogoni people of Nigeria have been affected by the drilling of oil companies in their tribal homelands. Companies will always seek commercial opportunities wherever they exist. It is the role of government to determine the extent to which they can pursue this at the expense of national cultures.

Questions

What is Total Quality Management (TQM)?

TQM is a set of management practices that are geared towards meeting or exceeding customer expectations. It places emphasis on process measurement and strong control mechanisms as a means of continuous improvement.

What are the cultural barriers to introducing TQM in Botswana.

In Botswana there is a distinctly fatalistic aspect to the national culture. In the context of introducing TQM, Botswana workers do not tend to take responsibility for their own actions, rather they believe this to be the role of management. They also tend to leave prevention of problems to management – a further contradiction of TQM principles. The social structure in Botswana also presents a problem as it is based on tribal traditions where hierarchy is a key feature. Workers have a deeply embedded sense of where they belong in the social hierarchy. This makes Botswana society more prescriptive than achievement orientated. Whereas TQM emphasises rewards for workers' contribution to improved outcomes, in Botswana few workers possess aspirations of this nature.

Can managers realign the national culture of Botswana to more readily accept TQM principles?

There is a case for realignment from both cultural and business perspectives. Efforts to integrate new management techniques are already evident in Botswana and are being driven by government initiatives, training programmes and education. However, to make progress in this cultural re-adjustment, it is necessary for managers to adapt their techniques to more closely align with national cultures. In the case of TQM it may be possible to adapt the rigour of it to facilitate its introduction into the working practices in countries such as Botswana. To introduce them in the format that is common in countries such as Japan would be unrealistic, counter-productive and likely to meet with resistance from workers.

Organisational culture in Saudi Arabia

Discussion points

Are Islamic countries competitive in global markets?

Many Islamic countries such as Saudi Arabia, Kuwait, Iran and parts of Nigeria have access to valuable resources such as oil, gas, and minerals. The exploitation of these resources creates economic wealth and bestows a great deal of political power upon them. However, in order to fully exploit this wealth, many Islamic countries have had to import expertise from other countries. The organisational culture of indigenous Islamic enterprises is very often not conducive to competing in global markets. Many are characterised by traditional styles of management where a patriarchal figure dominates and where historical precedent informs decision making. In the fast-paced and rapidly changing business environment of the 21st century, these business traits are constraints to effective competition. In the short to medium term, this may not pose too many problems for countries whose wealth derives from oil and gas, as long as these products remain in high demand around the world. In the longer term, this cultural gulf between Islamic organisations and those evident in the West may pose a competitive disadvantage to organisations operating in Islamic countries. As the natural resources become depleted, it will become increasingly important for such countries to diversify their wealth-creating activities, and this may necessarily involve social reform that directly challenges traditional forms of culture both within and external to business organisations. It may take many decades to effect such a change and is likely to meet with significant resistance in societies where adherence to a theological philosophy lies at the heart of the national culture.

Is there a management role for women in organisations in Saudi Arabia?

Although women do fill some important roles in Saudi organisations, such as in the healthcare profession, broadcasting and tourism, few ever reach the level of management. Saudi Arabia, like many Islamic countries, is a patriarchal society where men fill the management positions and wield power in business, government, and usually in the family setting. A few selected management positions are filled by women from overseas where there may be a specific need. This is most often in the healthcare and related industries. However, as indicated, the vast majority of management positions are filled by men.

Questions

What are the key national characteristics associated with Saudi Arabia?

Saudi Arabia is a very traditional Islamic country where religion plays the central role in citizens' lives. There is high power distance among citizens meaning that there is acceptance by less powerful members of society (e.g. women) that power is distributed unequally. This is most clearly evident in the dominant role played by men in society. The theological philosophy of Islam ensures a collectivist character to the populace.

Is the organizational culture evident in Saudi Arabia helpful to Saudi Arabian firms seeking to compete in global markets?

No - government officials in Saudi Arabia have already recognised the difficulties the country will experience in future if the dominant organizational cultures persist. The country is highly reliant on oil as the main source of wealth driving the economy. Many of the skills and experience needed to exploit their natural resources is derived from overseas. In future, the country will have to diversify its portfolio of business activities as the oil and gas reserves diminish and foreign labour exits. To compete in global markets requires a huge cultural shift in values and beliefs among indigenous Saudi workers and management. Effecting cultural change is one of the most difficult aspects of management in organisations,

achieving this at a national level is infinitely more so. It may take many years for the Saudi authorities to transform their home grown managers into assets that can help their enterprises compete in global and diverse markets.

What is the dominant organizational culture in most Saudi Arabian enterprises?

Traditional methods of operating in Saudi Arabia are seen as anachronistic to the 21st century ways of doing business. Western models of management are characterised by diversity and entrepreneurial spirit, flexibility, and the desire to exploit change. The traditional style of management in Saudi Arabia is one characterised by consistency in approach, historical precedence, patriarchal dictate, and lack of competitiveness.

Pixar University

Discussion points

What is meant by innovation?

Innovation refers to new ways of operating, producing or organising for the output of products and services. Innovation is the generation of new ideas, concepts or methods that may support new and better ways of operating, producing or organising. Innovation should ultimately result in perceived added value by customers.

Do formal educational courses help or hinder everyday activities in organisations?

Most modern organisations run development programmes for their workforce in order to extract greater value from their human resources. These range in style from the formal approach which is accredited or certified to more informal seminars and workshops that are largely voluntary. Most educational programmes add to the quality of the workforce, but in some instances it can hinder everyday activities. Formal educational programmes have to be organised to fit into the everyday duties of the workforce, otherwise they become a constraint to adding value rather than a facilitator of it. Formal programmes are usually more elongated in timeframe and require a schedule to be brokered between management and workers who participate in them. More informal educational programmes are less likely to interfere in the everyday activities of workers as they are in control of the decision to participate.

Questions

What do managers at Pixar do to encourage the team ethic among workers?

Pixar emphasise collective strength rather than individual brilliance. The dominant culture is team-orientated and everyone in the organisation has an opportunity to express ideas and opinions. There is no hierarchy among the workers with technologists, designers, animators, electricians, etc. all enjoying equal status. All workers can access the educational and training opportunities that exist at the Pixar University. All aspects of the production process are included in the educational programmes so that each worker can access courses that are both directly and indirectly related to their specialist area. The team ethic is enhanced by creating the opportunity for workers from across the production process to integrate and share ideas and experiences.

Explain how the organizational culture at Pixar helps the company achieve its aims?

The organisational culture at Pixar is geared towards innovation and the creation of new ideas. The key aim of the organisation is to be the world's leading producer of high quality animated films. This is achieved by the ease with which creative people can build effective interpersonal relationships within a culture characterised by freedom of association and a commitment to learning. In particular, the culture allows people to take risks without fear of failure. Risk drives the creative tension that adds value in the output of the organisation.

What organizational benefits derive from the educational programmes run by Pixar for workers?

The educational programmes allow workers to share knowledge, generate ideas, and hone their skills as they are exposed to different influences. The organisation benefits in many ways, including from the greater quality of ideas that this process generates from a better informed and culturally aware workforce. The organization can transfer these to the business performance and become more competitive in the industry for animated films. The enhanced quality of the workforce improves output, reputation, brand and image which all contribute to gaining and sustaining a competitive advantage. Workers are energised, motivated and can relate their input to the achievement of the company's aims. This ensures loyalty and makes the company attractive to new talent.

The World Bank

Discussion points

Is voluntary participation in organizational change initiatives an effective means of achieving a positive organizational culture?

Organizational change requires managers to think about the extent of participation by the workforce if participation is left at their own discretion. If the organizational culture already exhibits strong and positive characteristics then it may be possible to effect change on a voluntary basis as there is more likely to be an existing high level of goodwill between the managers and workers. In this instance, workers will require little incentive or direction when it comes to participation. Alternatively, if the existing culture is weak (a possible reason for the change initiatives in the first place) then workers are more likely to require incentives of direction as a means of encouraging participation. Voluntary participation is only really effective if managers can be sure that sufficient numbers of workers will take part in the initiative of their own free will.

Is effective knowledge sharing always likely to be limited by internal politics in organisations such as the World Bank?

Every organisation has some level of internal politics that contributes to the formation of the dominant culture. Large and complex organisations typically have a more politicised working environment as different divisions or departments compete for resources, influence, and profile. Knowledge is one means of generating power and can be used to gain political leverage by protecting, hoarding, or rationing it according to the returns expected. Where such practices are seen to be counter-productive, managers need to be able to influence such a dominant culture, and replace it with one that features knowledge sharing. The extent to which this is made possible varies between and within organisations depending on the historical precedence of knowledge sharing, as well as the mechanisms for and benefits of sharing knowledge. Internal politics will always form a constraint on knowledge sharing but there are measures that managers can take to enhance this activity in an organisation. These include the formation of communities of practice, access to technology that facilitates knowledge sharing, best practice guidelines, exemplars, etc.

Questions

What are communities of practice?

Communities of practice are thematic groups of workers who share a common interest or goal and who collaborate to achieve stated aims. The thematic group provides a forum of like-minded people where open discussion can take place. Often workers feel they can speak more freely among their thematic group colleagues and this helps to develop the process of embedding knowledge-sharing in the organisation.

What initiatives did the World Bank introduced to facilitate knowledge sharing? Separate out the technology-based ones from the human-based ones.

The technology-based initiatives included the Development Gateway website, which was used as a single platform for workers to access online resources and communicate with others via the internet, video conferencing, e-mail, etc. The World Bank then invested in a range of web-based resources to support the platform, enhancing the quality of knowledge generation, storage, and sharing. The human–based initiatives included the formation of communities of practice and creating access to training and educational programmes designed to facilitate personal and organizational development. Participation in each of these initiatives is on a voluntary basis.

How does the mission of the World Bank influence the creation of a strong and positive organisational culture?

The mission of the World Bank is to eliminate global poverty. Although it is unlikely to ever achieve this aim, it is an ideal that many people can 'buy-into' and galvanise themselves into working towards it. That is, the organisation sets as its mission an aim that is altruistic, worthy, and moral. These ideals appeal to many of the workers who seek employment where their contribution makes a difference to the lives of many millions of people suffering poverty around the

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globe. This 'buy-in' of the organization's mission, aims, and philosophy defines the dominant culture. Although many sub-cultures are likely to exist in such as large and complex organisation as the World Bank, the fundamental ideals help to generate a strong and positive culture that can be managed to achieve stated aims.

Toyota

Case study questions and tasks

Research Hofstede's findings on national cultures and list the key characteristics of the Japanese national culture.

Using Hofstede's dimensions it is clear that Japan exhibits a masculine national characteristic with assertiveness and competitiveness being two prominent traits. Japan scores relatively high against the world average for uncertainty avoidance. Japanese have a low tolerance for ambiguity and this is expressed in a desire to control. There is also a long-term orientation to the national culture where emphasis is placed on ideals of perseverance, respect for tradition and fulfilling social obligations.

Using the cultural web model, compile a summary of the key factors that determine the formation of the organizational culture at Toyota.

Stories

Toyota has a strong company tradition and plays a key role in the performance of the Japanese economy. The influence of the organization on Japanese economic performance and social structures is defined by the emergence of Toyota City as the centre of the company's activities. The legacy of the founders of the

organization and its philosophy is deep rooted among the workers and stories of past achievements are a common feature of the motivational techniques employed by managers. In particular, the role of Toyota in the reconstruction of the Japanese economy after the Second World War represents a story of national pride and self-reliance that strikes a resonant chord with many Japanese people.

Symbols

Toyota is an organisation that uses symbols as a badge of honour, a recognition of rank, and a sign of quality. The Toyota logo is highly visible and ubiquitous throughout all the factories, car show rooms, workers' clothing, and company documentation. The logo is a globally recognised sign and is used to underpin not just the brand but the philosophy of continuous improvement. Workers wear uniforms with the company logo, and different colours to denote the rank and types of jobs they carry out.

Power structures

Although the Toyota Way outlines how the company empowers workers to take decisions, the reality on the factory floor was very different. Power structures in Japanese society are firmly entrenched in the national psyche and are linked into notions of respect for elders and for the traditions that underpin much of the culture. The formulation of a set of guidelines, such as those laid out in the Toyota Way, was never likely to supersede the dominant and powerful national cultural traits. Hence the problems Toyota experienced in actually implementing 'jidoka' – automation with a human touch may well be unsurprising. In fact, as the case study suggests, it seems the managers at Toyota did not recognise the problem of the entrenched culture of not challenging the authority of superiors until it was too late.

Organisational Structures

Toyota remains a company that has a distinct hierarchical organisational structure which reflects the national traits of control, low tolerance to ambiguity, and masculine characteristics such as authority and competitiveness. Some measures have been taken to reduce the layers of management as a means of breaking down the rigid adherence to figures of authority. Nevertheless, the organisational structure retains many of the characteristics one would expect from a large scale manufacturing enterprise where continuous improvement in processes and quality are the key attributes.

Control systems

The Japanese national culture has strong characteristics relating to control, low tolerance of ambiguity, and respect for tradition. This has been transferred into the workplace and is clearly evident in Toyota where the productive process dominates the culture. Ideals of continuous improvement (Kaizen), lean manufacturing, and Total Quality Management all require high levels of control. Indeed, the Japanese are world leaders in many of these management techniques that underpin the manufacturing process.

Rituals and routines

Japan is a very traditional form of society where social norms of behaviour are well understood and where hierarchy, routines and rituals play an important role in underlining these. This is also evident in the workplace where rituals such as bowing to superiors, exercising prior to work, and respecting the traditions of the organization are firmly embedded in the practices of the workers. Routine is also very important and informs the behaviour of the workers and management. The emphasis on control is a feature of the behaviour evident among the workers and manifests itself in their time management, attention to detail, self-discipline, and the way the life/work balance is determined.

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What type of organizational culture is in evidence at Toyota? Explain your answer.

The type of culture evident at Toyota is a combination of task culture and role culture. Task culture is seen in the types of activities that are routinely carried out in the factories, especially those related to manufacturing and logistics. Workers are organised into groups to carry out specific tasks along the production line and become highly specialised in those tasks. This is also closely related to the type of roles that are carried out. The roles are well-established and underpin the control element of the culture as they help to create stability and efficiency in the activities undertaken in the factories.

Highlight the key weaknesses in the organizational culture at Toyota that have contributed to the company's problems since 2000.

The key weaknesses of the Toyota company since 2000 has arguably been the managers' inability to detect the failure of the organizational culture to match the ideals of the Toyota Way. The ideals of empowering the workers to challenge management and of highlighting failings in the activities of others were not translated into action on the factory floor. The management overestimated the ability of workers to step out of their firmly embedded national cultural traits and adopt new values, beliefs, and assumptions that underpinned the guiding principles within the organization. This clash of cultural emphases led to weaknesses in the productive process going undetected as workers did not want to be responsible for their superiors 'losing face' by highlighting their failings.

Another weakness was the inability of managers to transfer the ideals of the Toyota Way to other factories around the globe as the organisation rapidly expanded its activities throughout the 2000s. The solution of transferring Japanese managers to local factories around the globe to explain the Toyota Way

and to oversee its implementation ignored some of the distinct cultural traits in those countries where they had set up operations. This lack of understanding of other cultures was a result of the all-Japanese membership of the Toyota board. This parochial and mono-cultural approach undermined the company's ability to fully understand how to operate in a global context where issues of diversity, equality, and uncertainty are key characteristics of the operating environment.

The history of prolonged and uninterrupted success also had a role to play in the managers' inability to detect weakness. Failure was never part of the management experience and led to a complacency whereby signals that indicated weakness went undetected.

What can managers at Toyota do to influence the formation of a strong and positive organizational culture that can be transferred to workers in different countries?

Managers at Toyota can start to transform the culture by incorporating board members from parts of the globe where they operate. This would send a powerful message to the workforce that they are all truly represented in the highest echelons of the organization. It would also deliver a better understanding for managers of cultural diversity in the organisation, and how to manage it. There has to be some recognition that the Japanese national characteristics cannot simply be transferred in their entirety to the factory locations around the globe. Some of the national characteristics of the host country must be incorporated into the working practices so that a strong and positive culture is achieved.

Managers can also rework the principles of the Toyota Way to incorporate some of the cultural characteristics of their workforce in their different locales. Although general principles are capable of expressing the overarching philosophy of the organization, more detailed analysis has to take place to contextualise how it is implemented in the different regions where Toyota operates. For example, the notion of empowerment may mean different things to different workers in

different locations. We have seen how this ideal failed to transfer into action both in Japan and in other countries. Clear communication and training on what empowerment means and how it works would enable the workforce to engage with the concept in a manner that does not compromise their firmly embedded national cultural traits.

In addition, managers can introduce initiatives to improve employee engagement in the philosophy of the organisation. This may include peer recognition for sustained good practice; formal and informal lines of communication between workers and managers to break down barriers; job rotation, multi-skilling and multi-tasking as a means of broadening workers' practical understanding of the whole productive process; and designing a practical framework for empowering workers to make decisions and contribute to dialogue between themselves and management. Some of these, such as peer recognition schemes and job rotation, are already evident within the organisation. Others, such as empowerment and effective dialogue, are likely to take longer to implement as they require a significant cultural realignment between workers and management.