



# Total quality management and corporate culture: constructs of organisational excellence

Z. Irani <sup>a,\*</sup>, A. Beskese <sup>b</sup>, P.E.D. Love <sup>c</sup>

<sup>a</sup> *Information Systems Evaluation and Integration Network Group (ISEing), Department of Information Systems and Computing, Brunel University, Uxbridge, Middlesex, UK*

<sup>b</sup> *Department of Industrial Engineering, Istanbul Technical University, 80680, Macka, Istanbul, Turkey*

<sup>c</sup> *School of Management Information Systems, Edith Cowan University, Churchlands Campus, Perth, WA 6018, Australia*

## Abstract

There is a need for an appropriate culture to support the scope of Total Quality Management (TQM). Customer focus, systems approach, teamwork, involved management and continuous improvement are the aspects of TQM that facilitate improved organisational success, growth, and competitiveness. Many companies are now complementing continuous improvement with innovation, which is seen as the successful exploitation of new ideas. A clear synergy appears between these two corporate success factors as they are often integrated under an appropriate corporate culture for exploitation. The results of this can support substantial improvements in business performance and competitiveness of the company. With this in mind, this paper discusses the concept of corporate culture, places this social construct within the arena of TQM, and highlights the relationships that exist among culture, quality, and competitiveness using a case study.

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## 1. Introduction

In order to be a competitor in the global market, companies must study the leading examples of quality. The key to success as identified by these examples is to recognise the importance of innovation and quality; thus, the concept of Total Quality Management (TQM) should be the driving force behind the changes taking place within today's organisations. There is no single best approach to implementing the TQM philosophy. An approach unique to the needs and culture of the organisation must be developed. (Sohal and Terziowski, 2000)

Many researchers, if not all, agree that Total Quality is somehow linked to organisational culture. The term "Total Quality Culture" is frequently used in the literature, but there still exists a disagreement on whether TQM involves changing a culture to achieve total quality or whether it means using the existing culture. Many companies undertaking TQM programmes have, in

recent times, switched their attention from applying the tools and techniques of TQM to attempting to align their TQM programme with their prevailing organisational culture (Maull et al., 2001). Advocates of organisational excellence eschew the problems associated with achieving a flexible, adaptable and committed workforce in organisations (Reeves and Bednar, 1994). This is because they lack a dominant and coherent culture, in which values, commitments and approaches are likely to diverge, which can present a barrier to co-operation, joint action and problem solving across the organisation. Thus, managers should periodically analyse the relevance of corporate values to the evolving organisational environment. As a result, enabling managers to adapt and nurture the constructs that support the development of an aspired organisational culture.

This paper discusses the concept of corporate culture, and places this social construct within the arena of Total Quality Management (TQM). Using a case study from Velden Engineering Ltd, an award-winning UK company, the relationship between culture and strategy are discussed. In addition, the paper identifies individual and organisational characteristics that facilitated best practice

\* Corresponding author. Fax: +44 1895 816 242.  
E-mail address: [Zahir.Irani@Brunel.ac.uk](mailto:Zahir.Irani@Brunel.ac.uk) (Z. Irani).

through the adoption of strong leadership and organisational management.

## 2. Total quality management

TQM can be defined as the agreed company-wide and plant-wide operating work structure, documented in effective, integrated technical and managerial procedures, for guiding the co-ordinated actions of the people, the machines, and the information of the company and plant in the best and most practical ways to assure customer quality satisfaction and economical costs of quality (Zairi, 1991). Thus, it can be concluded that TQM itself, is the desired culture of an organisation committed to customer satisfaction through continuous improvement. Many organisations have already realised that their only way of surviving in today's competitive global market is to become a successful "total quality organisation" (Bohoris, 1995). Similarly, it is noted in the literature that there is significant association between TQM activities and organisational competitiveness. (Corbett and Rastrick, 2000; Najmi and Kehoe, 2000; Pool, 2000; Prabhu et al., 2000; Terziovski and Samson, 2000; Zairi and Whymark, 2000a; Zairi and Whymark, 2000b; Zairi et al., 1994) Since Total Quality Management calls for continuous improvement, it will be inevitable that new concepts for maintaining innovation and quality will emerge to lead organisations to the next century and beyond (Liu and Kleiner, 2001).

Research undertaken by Corbett and Rastrick (2000) suggests that most quality tools associated with TQM do not generally produce advantage, but certain tacit behavioural features—such as open culture, employee empowerment, and executive commitment—can produce advantage.

## 3. Corporate culture

Hofstede (1991) states that corporate culture has been a fashionable topic since the early 1980s. At a time when the management literature began to popularise the claim that the *excellence* of an organisation is contained in the common ways by which its members have learned to think, feel and act. For many years, especially during the last two decades, corporate culture has been acknowledged as an important component of organisational success. (Gore Jr, 1999; Corbett and Rastrick, 2000)

The term *corporate culture* is one of the most frequently used clichés, with precise definitions varying within the normative literature. Johnson and Scholes (1984) define corporate culture as being 'the deeper level of basic values, assumptions and beliefs, that are shared by members of an organisation'. These values, assumptions, attitudes and beliefs are reflected within an organ-

isational culture. In fact, they are manifested in many ways such as the rites, rituals and routines that take place within an organisation, the language used, the stories, legends and myths that are told and re-told, the symbols, logos and artefacts that are found throughout the company. Therefore, an organisational culture is considered to be a set of collective norms that govern the behaviour of people within the company. An organisational culture is characterised by members' shared ability to understand specific concepts within the organisation (Karathanos, 1998).

At a basic level, culture may be defined as "the way we do things around here" or "the way we think about things around here" (Williams et al., 1994). The key feature is that culture is taught to new members as the correct way to behave, thus perpetuating organisational survival and growth. (Maull et al., 2001) A widely accepted definition of culture including this feature is:

"The pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaption and internal integration, and that have worked well enough to be considered valid, and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." Schein (1984)

Essentially, corporate culture is a soft, holistic concept with, however, presumed hard consequences. Hofstede (1991:p18) refers to such culture as "the psychological assets of an organisation, which can be used to predict what will happen to its financial assets in five years time".

Several researchers, such as Kotter and Heskett (1992) have concluded that corporate culture may hurt or help a firm's performance. For example, in Fortune's *all star* ranking, General Electric earned the highest honour in 1998 since it has spent years developing a corporate culture in which executives have the autonomy to swoop in and take advantage of sudden shifts in markets (Kahn, 1998).

A strong organisational culture enables the smooth flow of information and nurtures harmony among its members (Karathanos, 1998). Improvements in work culture and internal communication thus improve customer (internal and external) satisfaction, which is essential for market growth and profitability in the long term (Lakhe and Mohanty, 1994). A strong corporate culture will assist members of a diverse workforce in establishing a super-ordinate organisational identity, and in identifying shared, super-ordinate goals. Noteworthy, however, Schneider and Northcraft (1999) suggest that such cultures may be difficult to cultivate.

Successfully reacting to changes in the global marketplace requires a flexible and adaptable corporate culture

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