The Role of Human Resource Management in Moderating the Relationship between Organisational Culture and TQM Adoption

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ABSTRACT
Culture has been considered as one of the factors that influences the TQM adoption process of organisations. Based on Hofstede’s cultural dimensions, we suggest that individualist organisations would find difficulties in adopting TQM, which tends to reflect a more collectivist than individualist culture. We, however, believe that individualist organisations can overcome this problem by establishing collectivist HRM policies by creating collectivistic TQM environment. This paper thus fills the gap between literature on culture, HRM and TQM. Notably, based upon the examination of the impact individualist versus collectivist culture have on HRM policies and TQM adoption, this paper proposes collectivist HRM policies as the significant moderating variable on the relationship between the culturally diverse members and the TQM adoption within the organisational context. Based upon the theoretical framework developed in this paper, implications for future research are outlined.

Key words: Culture, HRM, TQM

INTRODUCTION
Over the last two decades, many organisations around the world have been adopting Total Quality Management (TQM) as a way to enhance their competitive advantage in the global market. Despite TQM’s potential in bringing a positive impact on organisational performance, many TQM programs have yielded unsatisfactory results. Amongst many possible reasons for its failures, researchers have credited culture as one of the primary factors contributing to the failure of TQM implementation. Furthermore, Human resource management (HRM) has been recognised as one of the significant success criteria for TQM adoption (Kufidu and Vozas, 1998). This paper therefore seeks to fill the gap between literature on culture, HRM and TQM. Notably, having examined the impact individualist and collectivist cultures on HRM policies and TQM adoption, the paper proposes the effectiveness of collectivist HRM practices would have more effective influence on the relationship between the culturally diverse members and the TQM adoption within the organisational context.

In the first section, we define TQM principles and the role of culture in TQM adoption. We then describe two contrasting cultures, individualism versus collectivism, and discuss their relationship with the TQM culture. In the last section, we discuss the significant role of HRM policies in moderating the organisational culture to promote the TQM adoption process. Within the context of cultural diversity in the organisation, the paper proposes the collectivist HRM policies as the
moderating variable between culturally diverse members and TQM adoption (see Figure 1). The research framework and hypotheses developed in this paper will outline several directions for future research.

**TQM AND ORGANISATIONAL CULTURE**

TQM scholars, such as Plenert (1996) and Lau and Anderson (1998) commonly argue that TQM concepts and practices have been shaped by a number of individuals who are recognised as “quality gurus” such as Deming, Juran, Crosby, Feigenbaum, Ishikawa, and Imai. What is interesting about TQM is that, unlike other modern management ideas and techniques, its concepts are primarily drawn from the experience in industry. As a result, TQM was introduced in a prescriptive form, which includes several tools and techniques (e.g. statistical process control, quality function deployment, seven basic tools for quality improvement) as well as several key behavioural practices (e.g. empowerment, teamwork, participative management, suggestion system, quality circles).

Underpinnings these tools and practices, TQM embodies three core philosophical elements (Curkovic et al., 2000; Dean and Bowen, 1994; Gobeli and Brown, 1993; Sitkin et al., 1994). The first is customer focus, which requires that organisations focus on customer needs/expectations and endeavour to deliver products and services that meet those needs/expectations. The second core principle is continuous improvement in every aspect of the organisation by reducing defects, variation, and waste. The third core element is total involvement which is closely associated with the term “teamwork”. In TQM perspective, teamwork has two major implications: cross-functional or interdepartmental team (horizontal teamwork) and employee involvement and empowerment (vertical teamwork).

Despite its potential to bring a positive impact on organisational performance, many TQM programs have yielded unsatisfactory results. Literature has noted numerous stories on the failures of organisations in adopting TQM (Brown, 1993; Harari, 1993; Tatikonda and Tatikonda, 1996) and researchers have investigated the explanatory factors for this failure. Among the key determinants of the failure of TQM adoption, organisational culture is among listed on the top ranks (Becker, 1993; Dale and Cooper, 1992; Oakland, 1995; Thomas, 1995; van Donk and Sanders, 1993; Wilkinson et al.,
1998). This emphasis on organizational culture has brought a radical shift in TQM emphasis from its 'hard' (i.e. tools, techniques, and programs) aspects, which are more observable (as noted above), to 'soft' (i.e. behaviour and culture) aspects of TQM. Researchers argue that it is far more difficult to adopt the “soft” aspects of TQM than to adopt the “hard” aspects of TQM (Bright and Cooper, 1993; Sinclair and Collins, 1994). This is due to cultural aspects that are not only more difficult to be observed and assessed, but are also more difficult to be changed (Schein, 1985). The importance of cultural aspect of TQM has been substantiated by some empirical studies. Samson and Terziovski (1999) for example, suggested that the ‘soft’ aspects of TQM, such as leadership, customer focus, and people management, served as the significant predictors of organisational performance. The preceding discussion thus raises a crucial question: What kind of culture underlies TQM practices?

**INDIVIDUALISM VERSUS COLLECTIVISM IN THE TQM CONTEXT**

Culture is one of the main factors that determine the success of TQM adoption, it is useful to refer to the concept of individualism and collectivism (I/C) developed by Hofstede (1980). Hofstede's definition of individualism and collectivism has been identified as the most distinguishing characteristic of national cultures, and has been studied widely in cultural and cross-cultural research (Hofstede, 2001; Hui and Triandis, 1986; Oyserman et al., 2002; Triandis, 1990).

He defines individualism as a type of behaviour where an "I" consciousness is emphasised through independent values such as right above duties, primary concern for personal goals and immediate family (Hofstede, 2001). The independent values subsequently manifest loosely connected behavioural patterns between individuals and groups. Specifically, individualists have an egocentric self-conceptualisation so pursue personal goals in life and have a firm self-non-self (e.g. others and social context) boundary (Perloff, 1987; Spencer, 1985; Triandis, 1989). Individualists tend to construe themselves as having unique internal attributes, self-determined, autonomous, sovereign, and authors in charge of their own lives (Johnson, 1985; Miller, 1988; Shweder and Bourne, 1982). Individualists take charge of their social affiliation to maximise their personal attainment by maintaining many relationships with others (Sampson, 1985; Triandis, 1989). Individualists' egocentric self-conceptualisation has shown such behaviours as outcome-oriented conversational constraints, task
orientation in workgroups and low context communication styles ((Gudykunst et al., 1996; Hofstede, 1991; Kim et al., 1996; Oetzel and Bolton-Oetzel, 1997) cited in Oetzel (1998)).

Collectivism, on the other hand, refers to societies in which a "WE" consciousness is emphasised through interdependent values such as cohesive in-groups, mutual obligations and concern for one's groups with unquestioning loyalty (Hofstede, 2001). The interdependent values manifest closely connected behavioural patterns between individuals and groups (Bochner, 1994; Hofstede, 1980; Hofstede, 1991; Hsu, 1981; Kitayama et al., 1997; Triandis, 1994; Triandis, 1995). Specifically, collectivists have a sociocentric self-conceptualisation that prioritises collective goals before personal goals (Bochner, 1994). Collectivists emphasise the interdependent self and determine the self as part of social relationships. They tend to evaluate, organise and regulate experience and action by seeking to fit into an ongoing situation, which is often directed by the thoughts and feelings of others (Hsu, 1985; Miller, 1988; Miller et al., 1990; Sampson, 1985). For collectivists, the distinction between their self and non-self (e.g. others and social context) is unclear (Hofstede, 1980). As a result, collectivists are emotionally attached to a few social groups and endeavour to preserve, protect and promote those groups (Caporael et al., 1989; Kramer and Brewer, 1984; Triandis, 1989). In other words, collectivists allow values and norms of their social groups to direct their attitudes and behaviours (Howell, 1981; Triandis, 1994).

Comparing the two contrasting cultures of individualism and collectivism, we would argue that collectivist culture is more closely associated with the type of culture embodied by TQM practices. As mentioned earlier, one of the key tenets of TQM is teamwork which strongly reflects collectivist culture. TQM itself has been defined as a “total system approach (not a separate area or program) and an integral part of high-level strategy; it works horizontally across functions and departments, involves all employees, top to bottom, and extends backwards and forwards to include the supply chain and the customer chain” (Evans and Lindsay, 1999, p. 118). Indeed, the “T” within TQM acronym stands for total which implies teamwork, cross-functional cooperation, and employee involvement at every level of the organisations (Lau and Anderson, 1998). A number of scholars who attempt to describe TQM culture agree on the “ingredients” of TQM culture as collectivism in nature. For example, Kujalla and
Lillrank (2004) generate a set of basic assumptions underlying TQM practices, including the willingness of people to align their personal objectives to those of the organisation, the central role of senior management in ensuring organisational effectiveness and their legitimacy to set organisational objectives, the view that teamwork is more valuable than individualism, and long-term relationships and patience (and resources) to wait for results. Similarly, Detert, Schroeder & Mauriel (2000, p. 857) suggest that TQM explicitly focuses on the importance of cooperation instead of isolation for achieving maximum effectiveness. Two empirical studies (Chang and Wiebe, 1996; Dellana and Hauser, 1999) that examine the culture underlying TQM practices using Competing Values Model (CVM) came up with a similar conclusion that group culture – whose characteristics are closely related to collectivism – is one of the dominant cultures of ideal TQM practices.

Various authors attribute the failure of TQM adoptons in Western countries to a cultural factor (see for example, Mak (1999)). Indeed, it has been suggested that TQM-type culture should follow the Japanese-type model proposed by Japanese quality ‘gurus’, which makes TQM difficult to be applied in other cultures (Sousa-Poza et al., 2001). Hofstede (1994) also found that Western nations were high on individualism with the US, Australia, and UK are ranked first, second, and third respectively (Hofstede, 1980). Notably, Asian, Middle Eastern, African nationalities, which were found to be high on collectivism, comprise the majority of new entrants in the workforce in the US, Australia, and UK. This could provide, at least partly, a plausible explanation why organisations in Western countries experience significant problems in implementing TQM. For example, Oakland (1997) suggests that Western culture emphasizes independence (i.e. individualism) which is in contrast to the essential spirits of TQM, interdependence and cooperation. Similarly, Macoby (1994) argues that Western middle managers would perceive TQM as undermining their “comfort zone”. This is because under TQM, they are required to change their orientation from delegating tasks and controlling results into building cooperation with and among employees and facilitating cross-functional teams. This leads us to the following proposition:

**Proposition 1**: Organisations dominated by collectivist culture are more likely to be successful in adopting TQM than those dominated with individualist culture.
The proposition 1 therefore implies that it would be difficult for Western organisations to implement TQM. There have been, however, some stories in adopting TQM in Western organisations (see for example, Hunt (1993) and Main (1994)).

As the matter is pointed by Westbrook and Utley (1995), organisations can create a culture where employees can perceived the values and benefits of adopting TQM in their workplace. They argued that valuing and empowering employees leads to successful quality management adoption. Another ‘ground-breaking’ study by Powell (1995) also concluded that TQM practices had to be implemented within a suitable culture that emphasized open communication. The success of TQM adoption in Motorola and Milliken was attributed to the transformation of their corporate culture to support TQM led by their senior managers (Macoby, 1994). These findings suggest that Western organisations need to establish an overarching culture which would moderate individuals’ attitude and values to suit the TQM culture. In the context of this study, we argue that such a culture can be achieved by establishing a set of collectivist HRM policies.

**THE NEED FOR COLLECTIVIST HRM POLICIES IN THE TQM ADOPTION**

The role of HRM in supporting the adoption of TQM in organisations has received considerable attention in the literature. The literature commonly suggest that HRM plays an important role in bringing cultural change and establishing a work climate to support TQM adoption (Kufidu and Vozas, 1998). In short, HRM plays a pivotal role as a change agent in TQM adoption process and the failure to recognise this may prevent organisations from benefiting from TQM (Clinton et al., 1994).

From a managerial perspective, HRM policies are developed to promote similarity, based on assumptions that all workers are homogeneous (Ferris et al., 1994; Schneider and Rentsch, 1988). This is because people tend to affiliate with persons like themselves, and perceive dissimilarly toward actual dissimilar others has meant that organisations typically have benefited from a homogeneous workplace where similar values, ideas, and work orientation are favoured (Thomas, 1990). In this regards, we argue that collectivist HRM policies that foster individuals to view themselves as part of group memberships and group categorisation should be developed to support TQM adoption in the organisation. Dale, Cooper & Wilkinson (1997) affirm that HRM policy which is oriented to pursue
individualistic practices will undermine the teamwork spirit of TQM. Collectivist HRM selects not solely based on the individual’s ability to work but also on their loyal attitudes toward the organisation. It rewards and appraises performance of the group rather than of individuals’ (Ramamoorthy and Carroll, 1998). Consequently, individuals are motivated to enhance the group's welfare more than personal welfare (Brickson, 2000; Sherif, 1967). Further, collectivist performance appraisal tends to de-emphasise individual task performance (Pucik and Katz, 1986; Ramamoorthy and Carroll, 1998). These policies and/or practices will work effectively within Quality Control (QC) Circle where teams are formed to solve problems and search for solutions for improving process performance. Contrary to the equity emphasis of individualist HRM, collectivist HRM emphasises the equality principle, which is exhibited in equality in reward allocation (Leung and Bond, 1984; Ramamoorthy and Carroll, 1998). For example, Toyota sets a policy that rewards workers who promote group harmony and knowledge sharing with their colleagues (Macoby, 1994).

Recent studies also support the establishment of collectivist HRM policies, which benefits culturally diverse groups by fostering collectivist values within the groups (Chatman et al., 1998; Thomas, 1999). Research also shows that the extent of multicultural group members' collective orientation is clearly related to positive work group functioning (Thomas, 1999). Further, organisations that emphasised a collectivist culture produced higher levels of interaction among culturally diverse members than organisations that emphasised an individualist culture (Chatman et al., 1998). Because the workforce is increasing in its composition of collectivist members (e.g. Asian, Hispanic, Africans), organisations should incorporate a collectivist HR approach not only to indicate openness to collectivist values, but to foster TQM adaptability to all members. More importantly, the incorporation of collectivist HRM policies would de-emphasise individualistic culture among the members of organisations (Byrne, 1971; Ferdman, 1992; Triandis, 1994), which in turn, is predicted to increase members’ adoption to TQM. This leads to the second proposition of this paper:

**Proposition 2**: Collectivist HRM policies will moderate the relationship between employees’ culture (i.e. individualism and collectivism) and the success of TQM adoption.

The two propositions we developed in this study are illustrated in the Figure 1.
In order to guide the empirical examination of this framework, two sets of hypotheses are established below. The first set aims to validate the relationship between employees’ culture (i.e. collectivism versus individualism) and the level of TQM adoption at the organisational level.

**H1:** Employees’ culture has a significant impact on the level of TQM adoption in the organisation.

**H1a:** Collectivist culture is significantly and positively related to the level of TQM adoption.

**H1b:** Individualist culture is not significantly related to the level of TQM adoption.

The second set of hypotheses aims to test the role of HRM policies in creating an overarching culture to support TQM adoption in the organisation.

**H2:** Collectivist HRM policies will moderate the relationship between employees’ culture (i.e. individualism and collectivism) and the level of TQM adoption in the organisation.

**H2a:** The interaction between collectivist employees and collectivist HRM policies is significantly and positively related to the level of TQM adoption.

**H1b:** The interaction between individualist employees and collectivist HRM policies is significantly and positively related to the level of TQM adoption.

**CONCLUSION AND IMPLICATIONS FOR FUTURE RESEARCH**

Today, we have seen a shift of focus in the TQM adoption process in the organisation. Whilst in the past, quality management was driven mostly by technical/engineer specialists, now HRM plays a more
influential role in diffusing TQM in the organisation. This is consistent with the rise of the awareness that TQM adoption requires cultural change. Furthermore, in the light of ‘soft’ (i.e. nature of people) versus ‘hard’ HRM (i.e. managerial control) controversies (Truss et al., 1997), TQM emphasis on cultural change affirms the increasing significance of ‘soft’ aspects of HRM policies recognized by HR practitioners and researchers alike. A number of empirical studies can be developed from the framework outlined in this paper at different levels/focuses, namely cross-group membership level, cross-organisational level; and cross-national level.

In regards to cross group membership, the study can focus on testing the relationship between culturally diverse workgroups (i.e. individualists and collectivists interaction) and TQM adoption within one organisation. This is because the distinguishing self conceptualization of individualist and collectivist employees implies that culturally diverse workgroup contains possible relational conflicts and misunderstandings (c.f. Nadler, et al. (1985); Oetzel (2001)). For example, within culturally diverse workgroups, collectivists expect to gain group benefits by focusing primarily on relational dimensions whereas individualists expect to gain personal benefits by focusing primarily on task dimensions (Hofstede, 1991). The focus of Collectivist members on maintaining harmonious relationships by listening and supporting others’ opinions (Gudykunst and Nishida, 1994; Hofstede, 1991) cited in Oetzel (1998)) could lead individuals to perceive timidity and submissiveness (Markus and Kitayama, 1991). As several research have confirmed the positive effect of collectivist HRM intervention on culturally diverse workgroups, future research could examine the impact of collectivist HRM policies on the culturally diverse workgroups and subsequent TQM adoption process.

Furthermore, the possible distinguishing features of national culture versus organisational culture (Hofstede, 2001) should lead to further cross-organisational studies within the cross-national context. For example, TQM adoption level should be examined between the organisations with collectivist HRM policies within individualistic nations as compared to organisations with individualistic HRM policies within collectivist nations.

Finally, empirical study on this topic would be important as workforces in individualistic countries, such as the US and Australia, are becoming increasingly culturally diverse. In the US it is estimated
that, in the next decade, 75% of new entrants in the workforce will be minority ethnic group members, and that by the year 2050, Anglo-Americans will be a slim majority of its population (Arredondo, 1996; Judy and D'Amico, 1997). Similarly, in Australia, the population now comprises people from more than 220 nationalities, approximately 45% of whom were born overseas. It is expected that, by the year 2030, 25% of the Australian population will be of Asian origin (Nankervis et al., 1999). In individualistic nations, increasing cultural diversity in the workforce presents both opportunities and challenges to HRM (Richard, 2000) and TQM adoption process. Future research should examine the TQM adaptation at the cross-national level. One proceeding of foregoing is to examine the TQM adoption level between the collectivist nations (e.g. Japan, China) versus individualistic nations (e.g. U.K., Australia). Notably, collectivist HRM policies fostered in collectivist organisations and/or nations are expected to produce higher level of TQM adoption than collectivist HRM policies fostered in individualistic organisations and/or nations.

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