

## Chapter 7 Case: Total Quality Management at Valvex, Poland

This case would be useful to use in a lecture or seminar looking at:

- Cross-cultural issues in organizations
- The management of organizational culture
- The management of change

Issues that are raised by this case include:

1. To what extent can organizations successfully change entrenched values and attitudes held by employees?
2. How should reward systems be designed and implemented to help facilitate organizational change?

### Suggested response

*To what extent can organizations successfully change entrenched values and attitudes held by employees?*

The case illustrates that attitudes and values that exist in organizations are frequently related to the broader cultural context. Such beliefs are reinforced both by what people observe to happen within organizations, as well as what they experience in the outside world. Thus, for example, in Western democracies, such as the UK, the 'logic of capitalism' means that many people believe that organizations are chiefly concerned with profit, and that everything else is of secondary concern. It is this deeply entrenched belief that leads many employees to be suspicious and sceptical of organizational change programmes apparently implemented to 'empower' the workforce.

Nevertheless, it is clear that, unlike the Valvex case, organizations can sometimes succeed in changing attitudes and values, thus generating new cultures. One factor that seems to be key is whether the organization is facing extinction. Research suggests that organizations that have to change or die, tend to change. Thus 'resistance' quickly disappears if people perceive that the future of the whole organization is in jeopardy and if there are not a plenitude of alternative employment options available. Second, successful change can be brought about if people can be persuaded that the organization does genuinely believe in the values and attitudes it is promoting as important. For example, an organization that wished to improve its safety culture, started by sending all its senior management on safety management courses and ensuring that they role-modelled the appropriate behaviours to employees.

Nothing undermines a planned programme of cultural change more than glaring contradictions in stated and espoused values, as illustrated by the Valvex case. Thus if an organization wishes to promote values related to good customer service, then it is essential that people are rewarded for displaying the appropriate behaviours and held accountable when they do not. However, any rewards and punishments must be

perceived to be both fair, and applicable to all members of the organization, including management at all levels.

*How should reward systems be designed and implemented to help facilitate organizational change?*

When designing any reward system, it is important that the organization very carefully considers whether the outcomes it wishes to obtain through the reward system are realistic, identifiable and measurable. In the Valvex case, for example, it was possible to monitor absenteeism relatively easily, rendering the rewarding of attendance a relatively straightforward matter. On the other hand, in the UK, for example, individuals who take a lot of time off work tend both to be few in number and persistent offenders. Rewarding staff for full attendance in the UK might be, therefore, an expensive and ill advised idea. Thus, the organization needs to address the extent to which the behaviours it wishes to reward are amenable to change *and* likely to have an impact on the bottom-line business performance.

Some outcomes are difficult to identify. How, for example, can an organization ensure it rewards good customer service? It might choose to reward staff on the basis of them receiving relatively few customer complaints. However, fewer complaints need not necessarily mean better customer service: the employee might simply refer difficult customers onto other staff members or supervisors. This issue is especially important when it comes to outcomes that are heavily dependent on *process*, as in the example above.

When it comes to implementing a reward system, issues of procedural and distributive justice are critical (see chapter 3 for a discussion of these concepts). In the Valvex case, employees believed that rewards were neither distributed fairly, nor that the basis for the allocation of rewards was fair. People in organizations tend to be very equity sensitive, and thus it is important for managers to closely attend to issues of fairness when implementing any reward system.