

## ORGANIZATIONAL CULTURE AS SIGNIFICANT FACTOR IN IMPLEMENTATION OF TQM – EXPERIENCE IN SERBIAN ECONOMY

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**Abstract:** *The theory has confirmed the view that the appropriate organizational culture enables success in implementation of Total Quality Management (TQM). Conducted research points on characteristics of organizational culture in the relevant sample of enterprises in Serbia. The factors of the organization that affect on shaping the organizational culture of the business system were separated by using analytical approach. This creates the basis for the designing model of necessary changes in the organizational culture that ensures successful implementation of TQM.*

**Keywords:** *organizational culture, TQM, a model of social change*

### 1. INTRODUCTION

TQM is a business approach to organization based on management of quality. TQM relies on the system (organization is regarded as a set of entities in interaction) and situation (every business has different system features depending on the achieved level of development and maturity, as well as relations with the environment) approach.

These approaches also represent a basis for establishing TQM. The changes are monitored through appropriate indicators. Timely adjustment establishes a flexible organization of business system.

In general, TQM puts emphasis on: customers satisfaction, the process of continuous improvement, with the active involvement of all employees [1]. Set of objectives (in terms of quality management systems - QMS) are achieved through a series of measures and practices: delegation of authority and responsibility; by introduction of employees with the strategy (goals and policies); training of employees; establishing a system of motivation for creative contribution and application of new knowledge and skills.

Among others, these objectives will be accomplished by establishing the desired culture of the organization in the business system.

Generally accepted views of positivist learning [2] indicate that theoretically should confirm the appropriate research. Conducted research [3] discusses, among other things features of organizational culture of companies in Serbia.

Changing organizational culture is a process that takes several years. Specific phenomenon of inertia in social changes indicates the need for decreasing the risk of introduction of TQM concepts. Application of analytical approaches in the research of factors of business organization [4, 5] allows modeling processes of changing organizational culture.

### 2. EFFECTS AND FACTORS OF TQM INTRODUCTION

Quality Management System, based on the TQM concept, aims to achieve business excellence. Business Excellence isn't located in one business function. Business Excellence is the result of synchronous operation in all parts of the business system, in accordance with precisely defined goals, and desired organizational culture, which implies acceptance by employees. Excellence reflects the business performance of organizations by creating new value for customers, business system and all other interested parties. For a business system this means continuity in increasing profits and growing market share. It is understood that the creation of products and/or services of world class is basic instrument for creating new values. It is believed that these new values ensure the survival, growth and development of organization in the long term. Successful implementation of TQM concept has the following positive effects on business: improvement of financial performance [6 Hendricks & Singhal, 2001], increase of customer satisfaction [7 & Eboch Choi, 1998] and product quality [8 Agus, 2005]. However, individual component can not lead to improvement. Improvement is result of the joint presence of all or a great number of TQM components [9 Powell, 1995; 10 Dowe, Samson & Ford, 1999; 11 Sun, 1999; 12 Huarng & Chen, 2000]. Unfortunately, the percentage of failure in TQM programs is quite high and ranges from 33-75% [13 Yandrich, 1994; 14 Spector & Beer, 1994, 15 Jackson, 1995]. There is no consensus on the key components that lead to successful TQM implementation. Below are presented a series of critical factors, from the point of view of different theorists and researchers [16]:

- a) 1) Customer satisfaction, 2) continuous improvement, and 3) teamwork (Dean & Bowen, 1994 [17]).

- b) 1) The role of divisional top management and quality policy, 2) the role of service quality, 3) training, 4) planning of products/services, 5) supplier quality management, 6) process of management/operating procedures, 7) quality data and reporting and 8) relationships among employees (*Saraph, Benson & Schroeder* 1989 [18]).
- c) 1) Organizational culture, 2) strategic quality management, 3) team work and structures, 4) connections to the environment, 5) partnerships with suppliers, 6) the quality of operational planning, 7) system of measurement for quality improvement, 8) transfer of information about improvements, 9) management of customers and employees, and 10) satisfaction of consumers (*Black & Porter*, 1996 [19]).
- d) 1) Top management commitment, 2) focus on the customers, 3) supplier quality management, 4) plan for management of quality, 5) benchmarking, 6) use of the SPC, 7) internal quality, 8) use of information, 9) the involvement of employees and 10) granting authority to employees (*Ahire, Gholahar & Walker*, 1996 [20]).
- e) 1) Training, 2) education, 3) management commitment, 4) data reporting, 5) customer satisfaction and 6) continuous improvements [Antony et al. 2002 [21].
- f) 1) Management commitment, 2) granting authority, 3) training, 4) statistical methods and 5) benchmarking (*Huang & Chen*, 2002 [12].
- g) 1) Leadership, 2) continuous improvements, 3) customer satisfaction and feedback, 4) tools and techniques for improvements, 5) quality management of suppliers, 6) participation of employees, 7) education and training, and 8) work environment and culture (*Eng & Yusof* 2003 [22])

It is obvious that there are more similarities than differences in the factors that lead to success in implementing TQM. The influence of organizational culture is explicitly noted in 5 of the seven listed references.

This clearly highlights the importance of organizational cultural in mastering the concept of TQM in the business system.

### 3. THE ROLE OF ORGANIZATIONAL CULTURE IN TQM INTRODUCTION

It is considered acceptable definition that organizational culture is "a model of basic assumptions, values and norms that the group of employees

developed or discovered by learning how to solve the problems of external adaptation and internal integration, and that functions well enough to be transferred to the new members of the organization as a valid way of thinking and feelings about these issues" [23].

Organizational culture is maintained by: expressed strategic goals with clear objectives and policies specified for their achievements, which includes the concept of business organizations, the dominant method of management, method of selection and socialization of employees, the established rituals, the popular stories about key people and events, the way of evaluation of operations, the criteria for rewarding, communication system, etc..

Strong, positive-oriented organizational culture affects on motivation and commitment of employees, facilitates the coordination and control of the functioning of the organization, reduce conflicts and runs creativity.

Strong organizational culture with inappropriate assumptions, values and beliefs has a strong negative impact on business success, makes it difficult to change strategy and way of doing business [3]. Therefore it is necessary to determine the desired fetchers' of organizational culture to enable the TQM introduction and thereby improve performance of business systems on the market.

*Zeitz, Johanhesson i Ritchie (1997)* claim that the success of TQM programs is based on the change of organizational culture, and TQM tools are only means for change [24]. *Westbrook (1993)* considers that if an organization wants to adopt TQM as a guiding principle, it starts with management efforts to create a culture that supports such a change [25].

*Hilderbrandt (1991)* in his research, of quality culture and TQM, emphasizes that the existing basic assumptions are the primary condition for successful implementation of TQM, as assumptions that affect the process of implementing TQM, may be inconsistent with the existing organizational culture [26].

*Kekäle (1998)* identified some of the deep rooted assumptions that affect on TQM implementation and came to the conclusion that the organization has two options in the fulfillment of TQM: 1) selection of approach that matches the existing organizational culture, 2) systematic management of organizational change [27].

*McNabb i Sepic (1995)* are pessimistic about the possibilities of cultural change, because the organizational culture is main driver in setting the direction and limits of organizational change [28]. *Reger et al. (1994)* in research about the difficulties that arise during the implementation of TQM, applied cognitive theory of self-concept to explain why there is resistance during planned organizational changes, including the cultural, even by most loyal members of the organization [according 29].

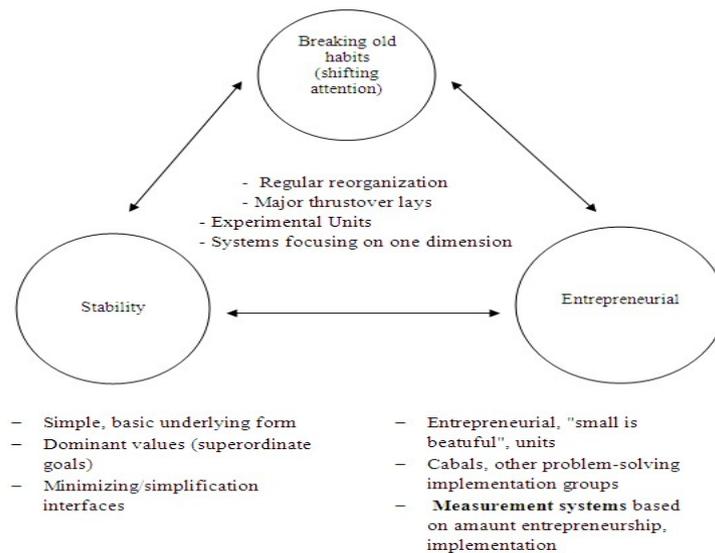


Fig. 1. "Supporting" pillars of organization enterprise aiming Business Excellence [30]

The ultimate goal of quality management system based on the concept of TQM is achieving business excellence (which includes the business performance of organizations in financial terms and terms of meeting the demands of all stakeholders), which is reflected in the constant increase in profits and market share, while reducing operating costs. Achieving business excellence (capturing market position) and the creation of world-class products and /or service are the basic requirements for survival, growth and development of organization. Business Excellence isn't located in one business function, but is the result of their synchronous activity, according to precisely defined goals, and should be goal of every employee.

The way towards Business Excellence has been drawn in eighties of last century, during the research of the best companies in the U.S. [30]. It is believed that the former approach, based on rational behavior, the functional organization, (bureaucratic) chain of ordering, should be adjusted to modern business conditions. Author suggests the establishment of business organizations that could be based on three "supporting" pillars (Fig. 1).

Supporting pillar "breaking old habits" on the most radical way indicates changed business conditions in the global market. Emphasizes the attitude of continuous adaptation to change - through continuous changes in business organization, where every change is reflects of temporary custom solutions to existing circumstances. This permanent access to the business reorganization means targeted separation of new organizational units (divisions) when the existing organization tends bureaucracy; desired change in products or product lines (again via divisional access to the organization of

companies), as a consequence of the need for market reorientation, with the strong support of talented managers, target engagement of talented executives to solve key organizational problems, and finally, the establishment of the desired organization "mixing box" – the organizational units, in accordance with the priorities of the business. However, it is important to note that the presented findings are related to mega-corporations that were the focus of the above research.

Basically, the way to establishing excellence in innovative companies (as the highest form of quality achieved in the business) is characterized by the following attributes: the tendency to action, satisfaction of consumers, autonomy and entrepreneurship, achievement of desired level of productivity, relying on a human resources, active involvement (in solving problems) with the encouragement of key values; direct participation, the application of simple organizational forms, implementation lean-thinking approach in staff engagement, and finally, developing the ability to resolve many contradictions in the business.

#### 4. REVIEW OF RESEARCH RESULTS

Subject of research was related on observing the interaction of organizational culture and organizational structure [see more in 3]. The questionnaire was in form of test with 71 questions, divided into 9 thematic areas. Designed questionnaire received a large number of primary data, whose processing helped in creating the image of the current situation in enterprises in Serbia, as well as identifying the advantages and disadvantages in business. Range of issues included questions about the

problems in implementation of quality systems. This allows analysis of the interaction between organizational culture and TQM. Research was based on methods of research and analysis of organization, supported by statistical methods (statistical analysis of data from tabular and graphical presentation of the obtained data) and logical methods (analysis, synthesis, abstraction and generalization) in all phases of research.

Collecting primary data were accomplished by the methods of testing and observation. For the sampling points were selected companies in Belgrade, Novi Sad and Vrsac. Table 1 shows the structure of the organization studied in relation to their size. Table 2 shows the structure of the companies studied in relation to their activities.

Table 1 - Outline companies by size

Size	Ownership	Number of organizations
Small (1-40 employees)		16
Medium (41-160 employees)		10
Large (>160 employees)		20

Table 3 – Characteristics of companies in Serbia

Characteristics	The situation in the analyzed companies
The most common form of formal organizational structure	Functional and mechanical bureaucracy
Level of centralization	Intermediate
Level of formalization	High level
The complexity of business processes	Intermediate
Control mechanisms	Direct supervision (24 %), standardization of processes (36%), standardization of knowledge/roles (13%), and standardization of outputs/results (23%)
Leadership style	Leadership (25%), administrative (30%), entrepreneurial (20%), team (18%)
The style of problem solving	Incremental approach/People (24%), Incremental approach /tasks (15%), ad hoc/people (33%), i ad hoc/tasks (20%)
Responding of management to events in the environment	Sometimes proactive, sometimes reactive (51%),
The attitude of management towards risk	Tendency (22 %), neutral (69%)
Dominant needs of employees	Existential (78%), belonging (9%), development (15%)
Avoidance of uncertainty	High
Individualism / collectivism	Individualism (80%), collectivism (20%)
Female/Male values	Female values (72%), Male values (28%)
Distance of Power	High (59%), low (41%)
Type organizational culture	Culture: power (19%), roles (15%), support (34%), tasks (11%), mixture (2%)

The environment is seen as a complex (there are many factors in the environment that affect the business). There is a relatively high level of uncertainty (the specific parameters of value: prices, cost, etc.) and uncertainty (the existence of multiple and contradictory

Table 2 shows the structure of the companies studied in relation to their activities.

The sample in this view of results of the study includes 46 business entities. Companies were divided on the basis of two criteria: (1) size (small, medium and large) and (2) the type of activities (production and service) [3].

Table 2 - Main activity of company

Question 3	a) production	b) service	Total
Number	17	29	46
Expressed in %	37%	63%	100%

In Table 3 are systematized relevant data referred to the subject of research.

interpretations of the situation). From the point of uncertainty on investment, competition, non-compliance, superior business climate and relative inability to advance there was a medium level of hostility in the environment.

Employees like safety on workplace, predictability, avoid risk and changes. They give priority to prescribed duties and responsibilities, and requirements of the task that needs to be done. In some organization employees are conscientious and responsible with a strong sense of loyalty, in others effective and competent, dedicated to the task which is given to them. Employees are usually controlled by policies, procedures and standards of performance and requirements of the task to be done.

National culture (according to this research) has the following characteristics: dominance of the existential needs, female values, high level of distance of power and high level of uncertainty avoidance.

Based on the answers of the respondents it could be concluded that our national culture is individualistic, but most companies take care of the needs of employees, which means that it is still collectivist cultures. It is obvious that the employees, since, on the developments in the economy have the feeling that they are left alone and that the only way to survive is individualistic attitude.

The sample represented companies of various activities, size, ownership, etc. Review of results shows that there is a mixture of cultures, in which dominate role culture and support culture. It would have been good for our business, that support culture is really present in that scope.

Based on personal observations of researcher and bearing in mind that analyzed companies are representative and successful in their field of work, the impression remains that this is a real state. In analysed companies there is an enviable level of professionalism, and not only the desire of employees and their managers to see them that way.

However, it is considered significant to stress differences cultural characteristics in relation to the size of the studied companies. The above differences can be indicator for adoption of adequate policies (as well as ways to achieve goals) during implementation of the desired quality system.

**Small enterprises** are characterized by simple structure in terms of organization, or division of labor according to functions, with low level of formalization and medium or high level of centralization of operations. The mechanism of coordination is based on direct supervision. Leadership styles in small private firms are entrepreneurial (40%) and leadership (33%), but in small joint stock companies dominate team. Quality management system is present in 33% of small private companies (total 15). It is likely that the structure of the sample (with different activities) influenced on presence of different types of organizational culture: support of 39%, power 26%, role 23%, task 11% and mix of culture 2%. This sample is characterized by companies doing business in a complex environment with a high degree of uncertainty.

The analysis of obtained data leads to conclusions in terms of organizational culture. Namely, the

organizational structure significantly influence on shaping of organizational culture. Then, the situational factors, such as technology, have a significant impact on shaping the organizational culture.

**Medium companies** include research of 10 companies (three private, three joint stock and four state companies). Organization in terms of structure has different types: functional, matrix, mechanical and professional bureaucracy (typical for state-owned enterprises that provide services). On changes in environment management usually reacts proactively. In production companies the most common mechanism of control is standardization of business processes and monitoring of outputs/results. Quality management system is implemented in 40% of enterprises from the observed sample, and in most of the remaining companies it is in process of introduction. In that sense, it is supported every aspect of training of employees - in accordance with the requirements of quality management system.

Their business environment is complex (a large number of factors affect the business), with a high level of uncertainty (prices, costs) and medium level of uncertainty (difficulty in interpreting the situation) in the business.

Coordination and control varies depending on the ownership structure: the standardization of process, standardization of outputs/results, through direct supervision (with the standardization of processes and outputs) and standardization of knowledge/roles. Leadership styles are: administrative 40%, team 30%, entrepreneurial 20% and leadership 10%.

In terms of organizational culture are derived the following conclusions:

- Organizational culture of joint stock companies and state enterprises is strong, because the sample consists of companies with long tradition, while in private companies is weak.
- Organizational structure has a strong influence on organizational culture through the factors that influence on the formation of organizational culture (business, technology, maturity).
- Organizational culture has a significant impact on the establishment of the appropriate division of labor.

Comparative analysis of the interaction of national and organizational cultures showed no significant deviations.

The research results of **large companies** (total 20) showed medium level of centralization, with a high degree of formalization of business. Dominates the administrative style of leadership (70%), leadership (20%) and team, or entrepreneurial (5%). On changes in environment management acts from case to case (proactive and reactive), and the risk is neutral. Quality management system is implemented in 9 companies

(45%). Dominates support for any form of training of employees (45%), only if it is necessary to perform the current job (45%), and just a few of them expressed inability to investment in training of employees (10%). Business environment is complex, as well as in small and medium enterprises.

The power of organizational culture is strong, with the exception of private and privatized enterprises, where was evaluated as weak. Also, in companies in this group are not registered significant deviations of organizational from national culture.

The fact that the properties of established companies in the whole sample are different from the characteristics of companies classified by size. It can be concluded that the in implementation of TQM should take into consideration the specific characteristics of enterprises.

## 5. MODELING ORGANIZATIONAL CULTURE OF BUSINESS SYSTEM

Previous exposure confirmed the view that successful implementation of TQM in the organization depends on its compatibility with the existing organizational culture. If there is compatibility, the concept of TQM is integrated into the organizational culture as a set of common norms and principles of quality.

The basis of this culture is conscious commitment to quality in the organization. Efficient culture is being built with respect of principle that the quality is work of every employee and that everybody is responsible for quality. Creation, development and maintenance of culture is a process that in various ways includes all employees. This process can not be established by itself, but is run by managers and construction of all elements of quality management.

Culture is based on efficient management system, quality assurance and complete leadership loyalty to the quality. Culture which respects the efficiency ensures: low levels of variation of quality of final products or services, continuous improvement, in order to better satisfy customers. Culture focused on the creation of new values gives uniqueness to organization, a specific image, which is recognized by the market and internally power and motivate employees to provide maximum. The final result is establishment of efficient and flexible organization. Establishment of adequate organizational culture is a long-term process, which must be well designed and well grounded.

Collins (1994) considers that the TQM approach to quality-based culture of the organization [31]. It is generally accepted that cultural change or at least awareness of the culture is necessary precondition for excellence and quality (Lewis, 1998) [32]. In practice, it was confirmed that the organization can achieve the

desired results only by establishment of appropriate quality culture, without formal adoption of TQM programs (Smith, Barnes & Townsend, 2002 [33]; Kaji & Yui, 1997 [34]). Dellana & Hausser (1999) identified adhocracy and group culture, as cultures that best support the implementation of TQM [35]. Adhocracy culture is characterized by creativity, willingness to risk and creative leadership, and group culture is characterized by teamwork, participation and leadership. Sausa-Poza, Nystrom & Wiebe (2001) realized the empirical study on territory of: Missouri, the German cantons of Switzerland and the South African Republic [36].

The culture research is based on the instrument in which were analyzed following dimensions the orientation on: people, external environment, internal environment and task. To assess TQM practices were used criteria MNBQA (Malcolm Baldrige National Quality Award) model. They found that the relationship between TQM practices and corporate culture depends on the national culture.

The study has found that in Missouri the task culture provides the best production results in the following TQM dimensions: information analysis, process approach and leadership.

In the German canton in Switzerland, the culture is turned towards the internal environment and supports the development of human resources, but is hampered by leadership. In the South African Republic have been established following dependency based on the: 1) increased orientation towards the internal environment and reduced orientation of the task allows the analysis of information and prevents the development of human resources, 2) the culture oriented on people, provides analysis of information, but prevent the development of human resources.

The conclusion is existence of causal link between TQM and corporate culture. Effective implementation of TQM requires the existence of adequate culture, reverse TQM programs such as training, employee involvement and granting authority, undoubtedly change the organizational culture [36].

Organizational culture may be adequate for some time and a set of conditions. However, the conditions change: the impact of foreign competition, changes in legal regulations, and changes in the economy, new technologies can leave lasting effects on business organization, if the organizational culture is inadequate and hampers its effectiveness. The role of management is to react on change of the factors that create and maintain an organizational culture [1].

In order to change organizational culture, is necessary to make its evaluation and compare with the desired culture. If shows gap between these two states, it is necessary to identify the elements that need to be changed.

Organizational cultures differ based on specific interdependent characteristics. The monitoring and

evaluation of organizational culture should be done based on the following dimensions (see [Robbins, 3], pp. 439):

1. The initiative of individual - the level of responsibility, freedom and interdependence of individuals.
2. Tolerance of risk - encouraging aggressiveness, innovation and risk by employees.
3. Direction - the degree to which the organization creates clear objectives and expectations related to performance.
4. Integration – coordination of units within the organization.
5. Support of management - clear communication, assistance and support that managers provide employees.
6. Control - the number of rules, regulations and the amount of direct supervision that is used to predict and control the behavior of employees.
7. Identity - the degree to which members identify with the organization, and not with a particular working group or field of professional expertise.
8. The system of compensation - allocation of awards (salary increase, promotion) based on the criterion of the actual performance evaluation of employees, not based on years of service, honor, favoritism, etc.
9. Tolerance of conflicts - employees are encouraged to openly discuss and criticize the conflicts.
10. Method of communication - the limited degree of formal communication hierarchy of authority in the organization.

It is noticeable that the definition of guidelines is characterized by the absence of systematic approach. Also, their weight is not explicitly stated, so researcher in the particular circumstances does the selection of action focus.

Robbins (see [37], str.459-461) in the analysis of these dimensions, examined the interests of the founders and those who follow him, i.e. how the organization had answered the crisis in the past and other crucial events, what was learned from these experiences, and ultimately who was considered deviant in the culture and how organizations respond to those people. The answers to these questions show how were formed the specific values, their significance and limitations of organizational culture.

Model of establishing the desired organizational culture is based on the abstraction of factors of business organization using the analytic approach in organization research (see more in [4, 5]). Abstraction factors of business organization are based on determinism [38]. It exceeds the functional approach in research of social phenomena (Weber, Fayol), even enterprises and organizations established in the first decades of the last century [39, 40]. In Figure 2 are highlighted the relevant factors for research of organizational culture at the first hierarchical level.

Model of organizational culture changes consists of several interconnected segments. The first element model of a system of measuring changes in organizational culture in accordance to objectives of TQM. The second element is a system for creating and implementing TQM requirements in order to achieve Business Excellence. The third element of the model relates to the employment of new staff and process of their socialization, in order to fit into the existing organizational culture of the business system.

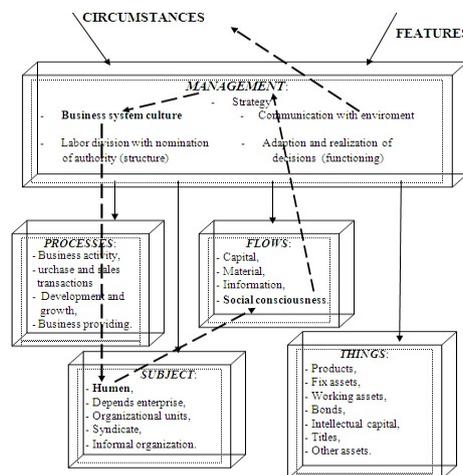


Fig. 2. Analytic approach to organization research – survey of abstract structure of organization factors in business system [4,5]

Presented research results indicated different characteristics of organizational culture in Serbian companies. However, when the sample is differentiated towards size of company, it can be noticed that among companies were present differences in the characteristics of organizational culture. Implementation of TQM and Business Excellence relies on the measuring system (see Figure 3).

The process of changing the culture of the organization has a cyclical character. The process of change of organizational culture in accordance to the

requirements of TQM takes several years.

Based on the results of measurements it is possible to observe the differences between existing and desired culture of the organization (in accordance to the requirements of modern business).

This helps identifying the dimensions of organizational culture and values which are overcome, and need to be replaced. Moreover, understanding the psychological mechanisms allows establishing the desired organizational culture within the business entity (Fig. 4).

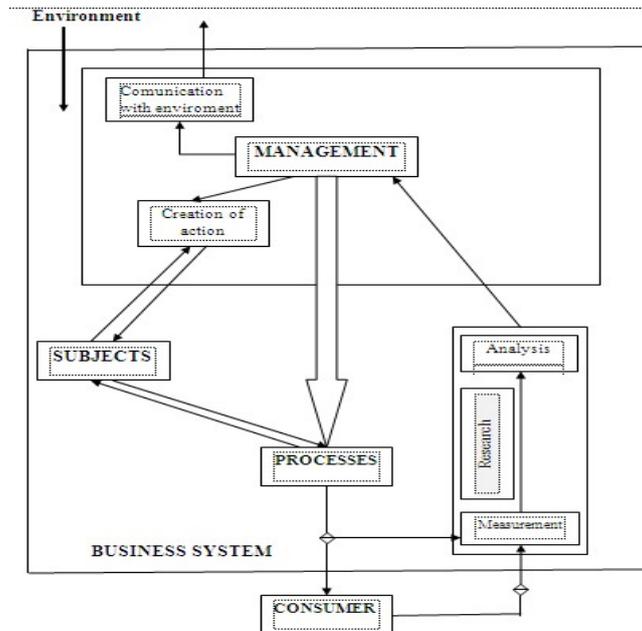


Fig. 3. Measuring and evaluating the organizational culture of the business system

Organizational culture is the result of the genesis of the individual, psychological awareness in the group, the social consciousness of business systems [41].

The role of human factors in social causality implies that:

1. Needs, objectives and plans originate from given material of social environment;

2. Human consciousness allows the selection of narrower or wider range of actions;
3. Groups of people can, with more or less success, put into motion causal factors of uneconomic power by: action, planning, propagation of ideas, attitudes [41].

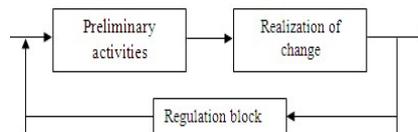


Fig. 4. The process of organizational culture change

Namely, psychological, individual awareness of the individual, personal needs shape in the social consciousness of the group, through a mutual interaction of its members. Such social consciousness affects the shaping of social reality. Correlation and interdependence of individual and collective social

consciousness are resulting in creation of specific social phenomena. Social phenomenon establishes materialized form in business entity by:

- Acceptance of formal and informal rules,
- Acceptance and implementation of procedures (which direct business processes or define the

system of salaries and various forms of motivation of group members) [41].

Materialized form of social consciousness is a reflection of organizational culture. Established organizational culture affects on the individual consciousness, and becomes the driving force for shaping of desired social issues relevant for establishing TQM. Preliminary activities include several tasks that can be realized in parallel. The first relates on formation of a critical mass of employees for the introduction of change in organizational culture. At the same time is composed project analysis – study, about intended changes in organizational culture in accordance with the objectives of TQM. Study is based on measurements made in the previous phase, and includes TQM requests, review and analysis of results and plan of action. Implementation of change is taking place through various forms of communication with employees within

target groups. The subject of communication is the firstly directed on review of the critical problems in providing TQM requests [42]. Then are presented measures for the successful achievement of set of tasks. At the same time is pointed out the importance of synergies in the perception of problems for solving business tasks. During this process is planned enough time for incubation of conclusions before moving to the next phase. Successful implementation of changes requires reporting about effects of realized changes. It is logical that organizational culture, after implemented changes, is characterized by different interpretative schemes and acceptance of values in accordance with the requirements of TQM.

Finite element of model of organizational changes is shown in Fig. 5.

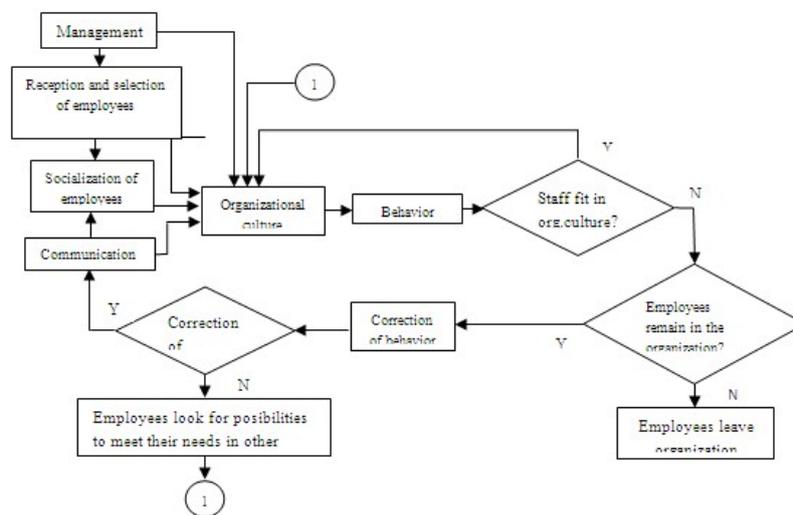


Fig. 5. Mechanism of formation and maintenance of organizational culture [43]

Management defines the organization structure, its strategy, codex of behaviour, policies and procedures, communication, mechanisms of decision-making. This affects on the establishment of appropriate organizational culture, through assumptions, beliefs, values and desirable behavior of employees and new staff [43]. The fact is that one of the ways of organizational culture changes is employing staff, which is not burdened by existing organizational culture. Explicit goal of the process of selection and admission of new employees is the identification and recruitment of individuals who have necessary knowledge, skills and abilities for successful execution of jobs within the organization. Thereby it implies that their basic attitudes and values fit with the requirements of the desired organizational culture. In process of socialization, new employees through training, complement their prior knowledge and expertise, with specific details of

concrete organization. However, it is known that the process of introduction of business organization lasts long time, and in each case there should be considered a risk of introducing new staff.

Long-term, cyclical repetition of successful solutions of problems of external adaptation and internal integration, rules of behavior (norms and values), as well as assumptions and beliefs are transformed, and the result is a system of relations in desired organizational culture [23].

## 7. CONCLUSION

Long term success in the market assumes orientation on satisfaction of customer demands. The success in implementation of TQM, with the aim of achieving business excellence, depends of

organizational culture. Organizational culture is a social phenomenon that is characterized by a high degree of inertia when situation changes. Moreover it is obvious that national culture has a significant impact on establishing a culture of business organizations. Above indicates on importance of research of features of organizational culture. In this case, the concept of culture means the width in perceiving social phenomena as well as number of attributes which determine its features. In this context, the definition of and respect for the established system of values, along with consideration of the financial indicators of business performance, integrates in the standpoint of economic health, service, as limit values of set goals.

Through the life cycle of an organizational culture is in constant process of building and shaping, changing its features, roles and content, and extent of changes

depends on the phase of life. Organizational culture is created in the process of group problem solving faced by members of one group or organization. Each organization must solve two sets of problems: of external adaptation and internal integration. Collective problem solving is resulting in group learning by positive and negative restraint. As a result of coercion members of the organization accept the successful solution of problems and then repeat them in similar situations.

The process of establishing the desired culture of the organization assumes the definition of appropriate model. In accordance with the complexity of the problem, presented model of organizational culture changes has several segments. Prerequisite of successful implementation of the model is established system for measuring changes in organizational culture.

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