

**GLOBALIZATION CHALLENGES OF A MNC:
EFFECTS OF LEADERSHIP AND MOTIVATION ON QUALITY
PERFORMANCE MODERATED BY THE CULTURAL DIFFERENCES
BETWEEN MALAYSIA AND VIETNAM**

VISHVA LAKSHMANAN

Research report in partial fulfillment of the requirements for the degree of
Masters of Business Administration (MBA)

UNIVERSITI SAINS MALAYSIA

2010

ACKNOWLEDGEMENT

I would like to thank my family for their strong support throughout the duration of my study and research which provided me with the strength and drive to pull this study together. You have been my key motivation and your patience and support means a lot to me. I would also like to thank my project supervisor, Associate Professor Dr Suhaiza Hanim Mohamad Zailani for her guidance throughout my project tenure. Last but not least, I would like to thank all my classmates who have been a key contributor in my learning journey throughout this course.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
ABSTRAK	viii
ABSTRACT	ix

Chapter 1: INTRODUCTION	1
1.0 Introduction	1
1.1 Background of Study	1
1.2 Problem Statement	3
1.3 Research Objective	7
1.4 Research Questions	8
1.5 Significance of the Study	8
1.6 Scope of the Study	9
1.7 Definition of Key Terms	9
1.8 Organization of the Report	10

Chapter 2: LITERATURE REVIEW	11
2.0 Introduction	11
2.1 Definition of Quality	11
2.2 Leadership Factors	16
2.3 Motivation Factors	19
2.4 Quality Work Culture	22
2.5 Profile: Diversity Differences	26
2.5.1 Different Age Generations	28
2.6 National Cultural Differences	31
2.6.1 Aspects of Malaysian Culture	32
2.6.2 Aspects of Vietnam Culture	36
2.7 Employee Satisfaction on Quality	41
2.8 Theoretical Framework	45
2.9 Hypothesis Development	48

Chapter 3: RESEARCH METHODOLOGY	49
3.0 Introduction	49
3.1 Type of Study	49
3.2 Research Sites	49
3.3 Study Setting	49
3.4 Extent of Researcher Interference	49
3.5 Unit of Analysis	50
3.6 Methods of Data Collection	50
3.7 Time Horizon of Study	50
3.8 Population, Sample Size and Sampling Method	50
3.9 Measurements	51
3.10 Statistical Data Analysis	55
3.10.1 Goodness and correctness of the data entry	55
3.10.2 Validity and Reliability of the Data	56
3.10.3 Factor Analysis	56
3.10.4 Descriptive Analysis	57
3.10.5 Correlation Analysis	57
3.10.6 Profile Analysis: T-Test	57
3.10.7 Profile Analysis: One Way ANOVA	57
3.10.8 Regression Analysis	58
Chapter 4: RESULTS AND ANALYSIS	60
4.0 Introduction	60
4.1 Profile of Respondents	60
4.2 Reliability Analysis	63
4.3 Factor Analysis	63
4.3.1 Factor Analysis for the Independent Variables	64
4.3.2 Factor Analysis for the Mediating Variable	65
4.3.3 Factor Analysis for the Moderating Variable	66
4.3.4 Factor Analysis For Dependant Variable	67
4.4 Descriptive Statistics	67
4.5 Correlation Analysis	68
4.6 Profile Analysis	69
4.6.1 Analysis on The Site Based	69
4.6.2 Analysis on the Level of the Employee	70
4.6.3 Analysis on the Years of Service of the Employee	71
4.6.4 Analysis on the Years of Birth of the Employee	72
4.7 Regression Analysis	73
4.7.1 Regression Analysis on the Independent Variable and Dependant Variable	74
4.7.2 Regression Analysis Based On The Inclusion Of The Mediating Variable	74
4.7.3 Regression Analysis Based on the Inclusion of the Moderating Variable	77
4.8 Summary	81

Chapter 5: DISCUSSION AND CONCLUSION	82
5.0 Introduction	82
5.1 Recapitulation of the Study	82
5.2 Implication of the Study	86
5.3 Limitations of the Study	87
5.4 Future Research	88
5.5 Conclusion	89
REFERENCES	90
APPENDICES	101
Appendix A : Questionnaire	101
Appendix B: Profile of Malaysia	103
Appendix C: Profile of Vietnam	107
Appendix D: Frequency Analysis	112
Appendix E: Factor Analysis	113
Appendix F: Reliability Analysis	118
Appendix G: Descriptive Analysis	121
Appendix H: Correlation Analysis	122
Appendix I: T Test Analysis	123
Appendix J: Anova Analysis	124
Appendix K: Regression Analysis	127
Appendix L: Hierarchical Analysis	135

LIST OF TABLES

Table	Description	Page
Table 4.1:	Profile of Respondent	62
Table 4.2:	Reliability Test	63
Table 4.3:	Factor Analysis for Leadership (Independent Variable)	64
Table 4.4:	Factor Analysis for Motivation (Independent Variable)	65
Table 4.5:	Factor Loading for Quality Work Culture (Mediating Variable)	66
Table 4.6:	Factor Loading for Culture Differences (Moderating Variable)	66
Table 4.7:	Factor Loading for Dependent Variable	67
Table 4.8:	Descriptive Statistics	68
Table 4.9:	Correlations	69
Table 4.10:	t-Test for Site Based	70
Table 4.11:	One-Way ANOVA for Level of Employee	71
Table 4.12:	One-Way ANOVA for Years of Service	72
Table 4.13:	One-Way ANOVA for Year of Birth	73
Table 4.14:	Regression Analysis for Independent Variables and Employee Satisfaction in Quality	74
Table 4.15:	Regression Analysis for Independent Variables and Quality Work Culture	75
Table 4.16:	Regression Analysis for Quality Work Culture and Employee Satisfaction in Quality	75
Table 4.17:	Multiple Regressions for Mediating Variable	76
Table 4.18:	Hierarchical regression results using cultural differences as a moderator to examine quality work culture	79
Table 4.19:	Summary of hypotheses results	81

LIST OF FIGURES

<u>Figure</u>	<u>Description</u>	<u>Page</u>
Figure 2.1:	Theoretical Framework Diagram	47
Figure 4.1:	Multiple Regression Model for Leadership	77
Figure 4.2:	Interaction graph of Leadership and Quality Work Culture	79
Figure 4.3:	Interaction graph of Motivation and Quality Work Culture	80

ABSTRAK

Penyelidikan ini bertujuan untuk memahami suatu bidang yang tidak mempunyai pemahaman yang terperinci, tapi yang semakin penting kini. Dengan globalisasi yang semakin memainkan peranan penting, tidak dinafikan yang lebih syarikat terpaksa merantau ke negara lain untuk bersaing dengan lebih berkesan. Selain daripada mengatasi cabaran birokrasi, cabaran yang lebih nyata adalah dengan tenaga kerja dan bagaimana untuk menggunakan mereka untuk meningkatkan daya saing syarikat terutamanya terhadap kualiti produk and servis. Penyelidikan ini bertujuan untuk memahami interaksi diantara kepimpinan dan motivasi terhadap kualiti produk daripada satu organisasi yang beroperasi di Malaysia dan Vietnam. Syarikat ini dikatakan mempunyai visi, matlamat dan strategi yang sama diseluruh organisasi, dengan perbezaan utama adalah perbezaan budaya di setiap negara. Penemuan dari penyelidikan ini menunjukkan yang kepimpinan memainkan peranan yang sangat penting di dalam prestasi kualitinya. Motivasi dan perbezaan budaya memainkan peranan sekunder dan biasanya tertakluk oleh budaya syarikat yang sememangnya berdasarkan kemampuan pemimpin di dalam syarikat tersebut. Implikasi penemuan ini, menunjukkan peranan yang lebih besar harus diberi kepada kepimpinan untuk memastikan yang syarikat tersebut daya bersaing dari segi kualiti kepada pelanggan. Kemampuan untuk memahami faktor-faktor tersebut boleh membantu untuk menetapkan model pengurusan yang boleh digunakan untuk syarikat-syarikat beroperasi di luar negara.

ABSTRACT

This study aims to cover an area that has not been fully understood but which is gaining in importance in recent years. With the extent of globalization, it's without any doubt that companies would need to go beyond national shores in order to compete more effectively globally. Besides overcoming bureaucratic challenges, the bigger challenge at hand resides with its workforce and how they are able to make full advantage of this workforce to enhance their competitive advantage, especially on quality products and services (values) to customers. This paper aims to understand the interaction between leadership and motivation on the outgoing quality of a single organization that is operating across Malaysia and Vietnam. The company is expected to have a standard vision, goals and strategies across their sites, with the key difference being the cultural differences in the site. The findings prove that leadership plays a key role in influencing the performance of the company's quality performance. Motivation and cultural differences were found to play a secondary role and are basically controlled by the company culture, which are molded by the leaders. The implication of these findings, reveal that more focus on leadership is necessary for a firm to do well globally in terms of quality to customers. Understanding these factors, help define the management model for firms that operate across borders.

Chapter 1

INTRODUCTION

1.0 Introduction

This chapter would begin with some background of study which aims to provide some overview of this research. This would be followed a discussion on the problem statement, to touch on what is the problem at hand that we intend to resolve, before progressing to the research objective to showcase how this research is able to overcome the problem statement mentioned earlier. Finally, we shall touch on the significance and value of this study.

1.1 Background of Study

Globalization has been a very key factor in this new millennium. With this new era of globalization, the world has in effect, become as one big nation, with differences between nations and its corresponding cultures gradually diminishing and merging as one. Quality has become a key word to many across all regions in the world. As simple as it may sound, however there have been many definitions for quality, with each having different opinions respectively. Hardie and Walsh (1994) claimed that each definition has its own group of supporters, and various schools of quality have grown up around particular versions. This has led to fragmentation and confusion in the field of quality.

Today, quality is reaching into everything, at work, at home and in our lives. It involves a change of attitude, in terms of how we carry on with our tasks, and also

change of attitude on the part of management in the way they respond to their employees' requests and the way in which they treat their staff (King, 1990). As can be seen, there are many different definitions to quality, though they essentially lead to a similar end in mind. Similarly, the same thought applies about quality culture among different individuals. Each individual may essentially view quality from different aspects based on their personal experiences, values and priorities. The end in mind in terms of the value of quality is without any doubt a very important factor to ensuring the success of an organization. Not only does it help in reducing wastages, but it also helps in boosting the reputation of the organization to customers, which collectively would boost the overall revenue and profits to the organization.

The success of an organization is linked closely to its leaders and also the leadership traits exhibited. History has proven how organizations who were on the hinge of failures, with loss making products and demoralized employees, gets turned around with the involvement of a good leader (Ze & Ng, 2007). Monetary motivation is not the sole attribute for the need to have good quality products and services, as being in an organization with good quality, enhances the morale of the workforce as there would be lesser stresses due to quality issues, which indirectly enhances the pride of association to the organization (Rowley, 1996). As the world becomes more globalized and boundary-less, the stakeholders in which any typical organization deals with becomes more diverse. Diverse could relate to individuals of different cultures, background, ages, gender, beliefs among many others. Each aspect of diversity adds a certain level of complexity to the relationship that exists to these stakeholders.

As we blend these two concepts of diversity and quality together, we see a big challenge and also opportunity in addressing the quality culture in an organization,

with a diverse background. It would basically be a case of trying to overcome a big hurdle (quality), not realizing the undermining factors (diversity) would make it even more challenging. This research aims to understand the relationship between how leadership and motivation plays a part in the quality culture with the impact of cultural differences among different countries.

1.2 Problem Statement

There has been many studies made on the topic of quality over the years (Ovretveit, 2001; Sebastinelli &Tarmimi, 2002; Holmlund, 2008), and in recent years there has been an increase in studies on the field of diversity (Mitchell, 2001, 2003; Knight et al, 2007; Kumar & Lim, 2008) , as diversity becomes more complex with time. These diversity papers have been focused on understanding the consumer preferences based on a diverse background, however there has been a lack of studies focusing on the interaction of a diverse population towards quality beliefs. Both have been an interesting topic which has bewildered researchers however not many have embarked on researching the linkages of diversity on quality.

This has become even more critical in recent years with the increase in the number of Generation Y employees entering the workforce, and the gradual retirement of the Baby Boomers at the same time. This would provide a different landscape to the organization in this new millennium as compared to the previous decades. With the world getting more globalized, companies need to expand their operations across borders to remain competitive. The key challenge of this move, is on understanding and making the most of each culture. Each culture has a distinct way of dealing with work methods, which goes back to their cultural and historical

background. These two forms of diversity (age generations and cultural differences) are clearly a key force impacting the success of corporations in this new millennium..

John Ovretveit (2001) shared on the concept of Integrated Quality Development (IQD), which aims to delve into the beliefs that would improve the quality capability. This program required them to recognize that the individual's professional competence is no longer the only source of quality. It depends on how the contributions of other employees and coordination among these contributions, and also on information and other systems that support human interaction. IQD is meant at combining professional, management and organizational quality methods to enhance the experience faced by the customer. Each view it from different point of views and this integrated effort is critical to ensure a combined view is possible. This was re-validated by the study by Ruiz and Simon (2004), which confirmed that technical knowledge is insufficient to ensure quality, with administrative and managerial support being key, and organizational change has to emphasize the links between quality systems and working practices.

The fact that the quality revolution commenced in manufacturing meant that the natural evolution of Total Quality (TQ) began with a focus on producing quality products. This involved considering what the problems with the product were and then assessing how related processes could be improved (Palumbo et al, 1994). However, this traditional production-based concept of conformance to specifications has given way to a customer orientation of quality (Ballantyne et al, 1991). Some of the gurus of quality such as Peters and Waterman (1982), Deming (1986) and Crosby (1979) have always recognized the importance of this customer oriented dimension of quality. Among the reasons for failures in TQ initiatives is that firms do not measure quality effectively, they lack the essential measures to monitor customer satisfaction,

employee morale and management leadership (Bettman, 1993; Juran, 1989; Goodman et al., 1994). This is complicated further by the fact that no global definition of quality exists, but rather there are alternative definitions resulting from the five major approaches to defining quality: transcendent, product based, user based, manufacturing based and value based. (Sebastianelli and Tamimi, 2002).

With cross border organizations, clash of cultures are hard to avoid. Clash of cultures is captured in the cultural distance involved between the partners. The less distance, the more compatible the partners will be, and the more successful will be the international joint venture (Bowditch and Buono, 1989). Evans and Carson (2005) stress that organizations may rely on groups of individuals with varied skills, job functions, and work experience to successfully resolve complex problems. Despite this apparent cognitive power, functionally diverse groups may not deliver the results expected. A number of studies indicate that functionally diverse backgrounds result in improved group performance, whereas a number of other studies indicate a negative or non-significant relationship to group performance. For example, functional diversity leads to such positive outcomes as faster product development times (Eisenhardt and Tabrizi, 1995), greater financial performance (Simons et al., 1999), and greater innovation (Bantel and Jackson, 1989). In contrast, functional diversity may create integration problems or process losses (Milliken and Martins, 1996) that impair performance due to slower response times (Hambrick et al., 1996), result in negative financial impacts (Simons et al., 1999), or fail to deliver expected productivity increases (Campion et al., 1993). Conflicting findings are also prevalent across various types of groups (Cohen and Bailey, 1997).

In order to effectively gauge the effectiveness of quality, it's important to have the employees believe in it. As stressed by King (1990), to convince the employees of

the importance of quality, management must be convinced and committed to the quality programs and be responsive to requests for improvements from their workforce; employees should receive praise for their efforts; the environmental and wages conditions must be good.

Maxwell et al (2000) shared that in the nature of business in the new millennium, there is an increasing awareness of the internationalization of both businesses and their markets. When combined with increasing demographic changes, this highlights the changing demographic characteristics of customers (Kramer, 1998). Currently, it can be seen that Vietnam is becoming a rising global competitor to many other countries (CIA, 2009). As can be seen from Appendix C, their trade with Asian economic giants, have been increasing steadily over the years and this has been a big motivator for many firms to move from countries such as Malaysia (Appendix B shows Malaysia's profile) to Vietnam. Hence, it's important to study the adaptability of work cultures between Malaysia and Vietnam for this transition to succeed. Studies, by Hofstede (1991), Fontaine (2003) and Taormina et al (2005) show that work culture in Malaysia is different somewhat as compared to Vietnam, as studies by Napier (2005) and Neupert et al (2005) among others have shown. These researches have demonstrated that Malaysians tend to have a strong rooting in their respective racial/religious cultures, and this is demonstrated in their work culture as well, but they have been found to have blended the best of these work cultures together due to the multicultural background in Malaysia, and hence having biculturalism and making them good "all rounder" employees. Vietnamese on the other hand have emerged from an era of being controlled via communism to being a competitive open market, which has made them more determined to learn and to succeed at all costs, hence making them very competitive as a whole.

In summary, it can be said that focus on quality is paramount in ensuring the success of an organization, and it's important that the soft skills related to human behavior of the employees in the organization be understood, as these would have an adverse impact on their work culture and quality performance of the company, and this is made more challenging with cultural differences. Rowley (1996) reiterates that quality, culture and motivation can be viewed as three points on a triangle. All are difficult to define. It is probably the case that it is not possible to consider them in isolation, since they all are characteristics of the way in which staff experience an organization.

This study aims to clarify the problem **of how cultural differences between Malaysia and Vietnam (clash of cultures) play a role in influencing the effects, leadership and motivation has on the quality work culture in a company, which ultimately leads to the quality performance of the company.**

1.3 Research Objective

This research would basically study:

- 1) The effects that management leadership and motivation has on the quality work culture that the individual has.
- 2) The impact on the quality work culture as moderated by differences in the nationality culture.
- 3) The impact that quality work culture has on the outgoing quality of the organization
- 4) The impact of the different generations of the workforce on the quality work culture in an organization

1.4 Research Questions

In seeking to clarify the above objectives, this study attempts to answer the following questions:

- 1) What are the key influences on the quality of work culture in a firm
- 2) Does cultural differences play a moderating role in influencing the quality work culture in a firm
- 3) Does quality work culture influence the outgoing quality performance in a firm
- 4) Does different age generations have different perspectives to the level of motivation, leadership and quality work culture in a firm.

1.5 Significance of the Study

This field of research involving diversity influences on quality beliefs is very important, as quality continues to become a focus and a challenge globally, with diversity, leadership and training approaches making it more complex to be a success. The importance of understanding this is more critical now, in the new millennium as the new generation of workforce which have been exposed to many elements of modernization , start coming into the workforce. With Malaysia being competitively challenged by Vietnam with its more cost competitive labor, it would be critical to understand how the different cultures adapt to the quality work cultures as well, as this would showcase a holistic point of view in terms of the work culture differences and benefits, beyond just the labor cost This clearly puts forth a very different scenario to the workforce as compared to the previous decades (20th century).

This research would serve as a good model to be used in any manufacturing environment, while serving as a good guideline towards understanding the new

workers attitudes and cultures, across both Malaysia and Vietnam. Obtaining a good understanding on this topic would serve as a good guideline in understanding how diversity could be used constructively to support quality beliefs rather than having diversity being an obstacle to success.

1.6 Scope of the Study

This study would only be focused on a single manufacturing organization that has a manufacturing facility in Malaysia and Vietnam. This organization would have a standard vision, mission and goal for both these sites and both these sites produce a similar range of products.

1.7 Definition of Key Terms

Leadership factors: Ability to lead an organization to excellence, focusing on quality, and exemplify the critical leadership competence in quality management, as a basis for successful strategic development. (Nwankwo & Richardson, 1996)

Motivation factors: Ability to build up the motivation level in an employee which is central to a quality culture that could be used to motivate the workforce as follows (Rowley, 1996)

Quality Work Culture: The norms, beliefs and customs that are learned from society and lead to common patterns of behavior (Slowilowski, 2007)

Diversity factors: Race, culture, ethnicity, gender, age, a disability, and work experience (Bartz et al., 1990, p. 321).

Cultural differences: The local values, beliefs and norms for getting the jobs done (Walters *et al.*, 1994, p. 8).

Employee Satisfaction in Quality: The level of satisfaction of the quality performance of the organization, as perceived by the employee.

1.8 Organization of the Report

This thesis is organized into five chapters. Chapter 1 provides the background of study, followed by the problem statement, research objective, research questions, scope and significance of the study before ending with the definition of the terms used and also the structure of this report. Chapter 2 would cover the literature review on Quality, Leadership, Motivation, Quality Work Culture, Diversity Differences, Cultural Differences between Malaysia and Vietnam, Employee Satisfaction on Quality before detailing out the theoretical framework and also developing the hypothesis for this study. Chapter 3 would cover the research methodology used to perform this study before ending with the details of the various analysis that would be performed. Chapter 4 would provide analysis of all the results before concluding with a summary of all findings as matched to the hypothesis developed. Finally, Chapter 5 would cover the recapitulation of the study, implications and limitations of the study before recommending areas in which further research could be made in future to cover scopes that were not covered in this study.

Chapter 2

LITERATURE REVIEW

2.0 Introduction

This chapter would begin with some key definitions and foundation research surrounding the factors involved with our study. It would start off with the background on the definition of quality before moving on to touch on how studies have shown the importance of management leadership and motivation has played in ensuring a successful culture in an organization. Then it proceeds to look at how diversity plays a big role in the current times, before zooming in further on the characteristics of those from different nationality and age groups, which is a key factor in the new globalized millennium age. From here, it would move on review the theoretical framework for this research by showcasing all the variables involved in this study and illustrating the theoretical framework model for this research. Finally, this chapter would link the framework to developing the various hypotheses which would be tested in this research paper.

2.1 Definition of Quality

Some typical definitions of quality are:

- *Quality is basically, (1) product performance which results in customer satisfaction (2) freedom from product deficiencies, which avoids customer dissatisfaction – Juran (1985)*
- *Quality...is the extent to which the customer or users believe the product or service surpasses their needs and expectations – Gitlow et al (1989)*

- *Quality: the totality of features and characteristics of a product that bear on its ability to satisfy stated or implied needs – International Standards Organization (ISO) (1986).*
- *Good quality...means a predictable degree of uniformity and dependability at a low cost with a quality suited to the market – Deming. (1986)*
- *(Quality is) the total composite product and service characteristics of marketing, engineering, manufacture and maintenance through which the product in use will meet the expectations of the customer – Feigenbaum (1986).*
- *Quality is anything which can be improved – Imai (1986).*
- *Quality is the loss a product causes to society after being shipped – Taguchi (1986).*
- *We must define quality as “conformance to requirement” – Crosby (1979).*
- *[Quality is] the degree or grade of excellence etc. possessed by a thing – Shorter Oxford English Dictionary (1975).*
- *Definition of quality...a thing is said to have the positive attribute of conformance to specified standards – Shewhart (1931)*

Hardie and Walsh (1994) continue to share, that the different definitions of “quality” given earlier are clearly related; but they are not saying the same thing. An example in point would be, it is possible for a product to meet a specified requirement (Crosby, 1979) but not satisfy the customer (Juran, 1985). Similarly, it is possible for something to be free from defects (Juran, 1985), but not be fit for purpose (ISO, 1986). A service may also be of superior performance (Gitlow, 1989), but not conforming to the specification (Shewhart, 1931). It is also clear that none of these definitions is a complete statement of what is meant by quality. Usually, meeting any

one of these definitions implies that the supply is of suitable quality, but there are always situations where failure to meet the definition does not mean a failure of the supply quality. For example, a supply of a service or product may be of the highest standard, but the customer may have unreasonable expectations, which cannot be met by any means at all (Hardie et al, 1994).

On the other hand, meeting a definition does not always mean that the supply is of adequate quality; e.g. a requirement can never be defined in sufficient detail to exclude all possibilities of an unsuitable supply, even when the specification has been fully met. There is considerable consensus, however, that “quality” is represented by a difference between two states. Shewhart (1931) and Crosby (1979) propose this; and the service quality analysis of Parasuruman et al.(1988) is based on “quality gaps” between states. These states are usually *how things ought to be* and *how things are*. An improvement has to be towards some conceptually better state; and the highest Taguchi quality is achieved when the loss to society is zero, corresponding to some ideal performance. Hardie and Walsh (1994) also shared that a transaction is the framework within which quality is created. It is the transaction which brings a product with certain characteristics and capabilities to a customer with certain needs and expectations. These transactions are the mediums in which quality can be controlled. In order to obtain a better perspective of a transaction it is necessary to look at the series of “states” involving the customer, the supplier, and the industry involved (Hardie et al,1994). Hardie and Walsh (1994) shares that all three of these are part of the process by which quality is defined, created and perceived. There are five “key states” which appear in any completed transaction:

- (1) The actual need of the customer organization.
- (2) The perceived requirement to meet the need.

- (3) The expected performance by the customer of the supplies.
- (4) The actual performance of the supplies.
- (5) The perceived performance of the supplies by the customer.

Total quality management (TQM) has gained an increased interest in practice and literature during the 1990s (Svensson, 2006). Lagrosen (2001) writes that TQM has become well established as a system for improving both the performance of corporations, and the satisfaction of customers. Despite its popularity, the meaning of TQM is rather ambiguous. Amsden et al. (1996) states, that many business people and academics regard the development and practices of TQM as an evolutionary process rather than a revolutionary one. It is also considered to be either a buzzword (e.g. Hackman and Wageman, 1995; Harari, 1993; Binney, 1992) or something to reach for in order to enhance corporate competitiveness and profitability in the marketplace (e.g. Ghobadian and Galleary, 1996; Becker, 1993). Rowley (1996) characterizes TQM as follows:

(1) *Quality is customer defined.*

Quality is defined in terms of customers' perceptions or, in a more complex model that is widely debated in the service quality literature, as the gap between expectations and perceptions. Such customer focus requires not only an attention to internal processes, but also an awareness of the external marketplace. Only a match between the requirements of the marketplace and the internal processes and operations will lead to a quality service

(2) *Internal and external customers are both important*

The only way to ensure that the organization has a focus on customers which has an equal affect on all departments and teams, including those not in direct contact with the external customer, is to encourage all employees to identify those to whom

they provide a service and to view those people as their internal customers. In this way the customer orientation can permeate the organization.

(3) Employee involvement.

Employee involvement follows automatically from the need for all employees to consider their internal customer. Employee involvement means that each individual must take the initiative and not rely on someone else. In order for this to be achieved the organization needs a culture which encourages this behavior. Everyone must understand that they contribute equally to quality and can only succeed through cooperation and support.

(4) Error-free processes.

The focus of TQM is on prevention to eliminate waste, reduce costs and achieve error-free processes. The traditional approach to TQM, which developed in a manufacturing environment, was a strong focus on process quality control. Service managers need to interpret this focus in a way that is appropriate for services with inherent variability and the less controllable element of the customer.

(5) Performance measurement.

Performance needs to be based on timely measures of, and feedback on, performance through superior quality information systems.

(6) Continuous improvement.

Continuous improvement must be seen as the responsibility of everyone in the organization. To develop this, a focus on training, education, communication, recognition of achievements and teamwork is often seen as appropriate

This basically shows that the value of TQM is great and it involves multi levels of the organization, which needs to be sustained through strong motivation and management/leadership role modeling. This leads us to the differences seen in leadership approaches.

2.2 Leadership Factors

Nwankwo and Richardson (1996) reminded the point that today, virtually all organizations are affected by the quality movement. Both empirical and anecdotal evidence suggest that organizations which successfully implanted the quality culture enjoy relative competitive advantage and superior growth in earnings (Powell, 1995). It is no surprise, therefore, that strategists are concertedly exploring the quality domain with a view to, among other things, containing the complexities of modern business operating conditions and providing a counterbalance to the increasing vulnerability of market positions. Nwankwo et al (1994) also found that according to much of the management literature on the topic, setting the strategic agenda, implementing and sustaining the quality culture falls, first, within the domain of organizational leaders. Competence in quality management, therefore, underpins the visionary leader's approach to organizing a vision living organization system.

They also stressed that visionary leaders could blend quality competitiveness through regaining lost ground, consolidating existing market position, moving into new products and/or new markets, creating new markets, attracting higher prices through premium quality products, pleasing powerful customers, gaining cost improvement based productivity and quality/people empowerment strategies.

This era of quality movement throws up new challenges for organizational leaders. These challenges (and problems) are still being investigated and the requisite

skills being honed. Nwankwo and Richardson (1996) through their research paper on “Quality Management Through Visionary Leadership”, shows how visionary leaders are facing up to the task of leading their organizations through the discontinuities of our time. Visionary leaders focus on quality, and exemplify the critical leadership competence in quality management, as a basis for successful strategic development. Williams (1998) found 6 factors which enhances quality in an organization. These factors are management culture, leadership, monitoring, making it the core service, specialist staff and training. It is elaborated further as follows:

Management Culture/Leadership: Redman *et al.* (1995) have suggested that quality initiatives are introduced as a result of external pressures, which was found to be the case in the public sector. The introduction of quality initiatives were not seen by senior management as catalysts for changing the organization’s culture but as a means by which financial efficiency could be achieved (Williams, 1998). While Deming (1986) and Juran (1989) have cost reduction central to their theories, Crosby (1979) among others advocates the need to have senior management not only involved but embracing the quality management culture.

Monitoring: The research findings by Williams (1997) show that the organization’s objectives not only drive the selection of the quality system but the monitoring priorities as well. The objective that was identified as taking precedence over everything else and therefore monitored was financial efficiency. Customers’ needs are not always met as short term financial implications take precedence which may in the long term have detrimental effects on service delivery. (Williams, 1998)

The Core Service: The goods and services dichotomy is concentrated on when services are being defined. Crosby (1979) goes so far to suggest that there is not any

need to make a distinction. The management of a single core service is easier to accomplish, specialist staff are employed, leading to greater depth of knowledge and expertise. Organizational aims and objectives are clear, concise and very focused. (Williams, 1998)

Specialist Staff: Williams (1998) commented that the employment of highly trained staff, in some instances people with international standing, has the potential to bring about different operational problems. Many had no concept of quality management and customers' needs, feeling that this was nothing to do with their role within the organization. The same comments came from senior employees from the financial function. Even though Curry and Monaghan (1994) regard ISO 9002 as an inappropriate straitjacket, they submit that it can be used as a change agent, stating that, "*Change does not come about of its own accord, but has to be both driven and led*".

Training: The other end of the staffing continuum is the number of employees with limited or inappropriate skills. This issue is not only a theme of the original quality theorists such as Deming (1986) and Juran (1988). Maynard (1995) validates the introduction of this quality initiative, as a better trained individual carries out their job more effectively and efficiently thus leading to a better service delivery to the customers

To summarize, the six issues identified by Williams (1998), illustrates Juran's (1988) premise that 20 per cent of non-conformance is in operators' hands and 80 per cent is in the managers'.

2.3 Motivation Factors

A key aspect of the management's success in getting their workforce to follow their culture, are to motivate the workforce in the right manner. Rowley (1996) stresses, that such motivation is central to a quality culture and goes on to share some approaches that could be used to motivate the workforce as follows:

1) Appraisal and development schemes

These offer the opportunity for staff to explore their development needs with their line manager. Interviews held as part of this process can be an important arena for developing the psychological contract.

2) Opportunities for personal development

These include:

- experience in a different job, as in, for instance, job rotation;
- job enrichment, where a job is designed to give additional development opportunities;
- study for professional and vocational qualifications;
- management/team leadership experience;
- training opportunities, including attendance at conferences, seminars and workshops.

3) Managing dissatisfiers

The manager has a significant role in eliminating or reducing dissatisfiers. This is often achieved through negotiation and allocation of resources. Clearly, this must be achieved within organizational constraints, and where it is not possible to modify the dissatisfiers, managers should seek to eliminate their effects and communicate the constraints to their staff.

4) The financial dimension

The usual strategies for financial motivation are performance related pay and promotion. Such strategies will often be tightly constrained in any public sector environment and may not be directly under the control of the manager.

5) Social Integration in the work place

Many staff worked in the same place for many years. Hence, it is particularly important that they are accepted as part of the social group or team. Most staff have an acute need to feel that their contribution is worthwhile, appreciated and acknowledged. This need may be particularly evident among those staff who realistically recognize they have no further worthwhile career aspirations, yet need reassurance that their existing skills are still valued in the ever-changing environment. This need to continue to contribute, will be a major factor in these staff adapting to change.

Rowley (1996) emphasizes the importance of the psychological contracts between staff and their managers. These contracts should accommodate the view that all staffs have differing motivators, hygiene factors and levels of inherent motivation in relation to their job. A possible area of caution is highlighted by Ng (2008), in may it be ranking, banding or self-appraisal, quality assurance brings with it the danger of a rat race. Increasing the number of types of awards may simply increase the competition. Some form of competition and benchmarking is healthy but too much of that will make quality assurance an exercise in developing evidences, impeding a real drive for diversity and innovation (Ng, 2008).

Trust and commitment are the key elements in enhancing business relationships, the effects of which have been well documented under three broad categorical outcomes: positive attitudes towards the relationship, the inducement of

positive behaviors in partners and positive impacts on partner performance (Nguyen, 2002). Positive attitudes comprise an increase in partner's acquiescence (Morgan and Hunt, 1994), mutual satisfaction and positive attitudes and intentions towards one another (Mohr and Spekman, 1994). Positive behaviours in partners are manifested in increased cooperation, increased risk-taking, reduced propensity to leave and minimized opportunistic behavior (Ghoshal and Moran, 1996). Lastly, trust and commitment have been linked to enhanced partner performance by reducing uncertainty, affecting exchange efficiency and positively impacting on economic performance (Anderson and Narus, 1990; Dwyer et al., 1987; Morgan and Hunt, 1994). Trust and commitment are the key elements in enhancing business relationships.

Organizational commitment is a psychological state that characterizes the employee's relationship with the organization. This has implications in terms of continuing his or her membership in the organization. (Md Zabid et al, 2003). Porter et al (1974) shared that commitment has also been defined in terms of:

- a) belief in, and acceptance of, the goals and values of the organization and/or profession;
- b) a willingness to exert considerable effort on behalf of the organization;
- c) desire to attain membership in the organization.

Md Zabid et al (2003) continues to stress that the affective commitment refers to employees' emotional attachment to, identification with, and involvement in, the organization. In other words, it refers to the extent of emotional attachment of a person to the organization. This attachment could be due to one's role in relation to the organizational goals and values, or to the organization for its own sake. The continuance commitment refers to commitment based on the costs the employees

associate with leaving the organization. As such, in this type of commitment, the fewer viable alternatives employees have, the stronger will be their continuance commitment to their current employer. The normative commitment refers to employees' feelings of obligation to remain with the organization. This type of commitment will be influenced by an individual's experiences both prior to cultural socialization and following organizational socialization entry into the organization. For example, an employee would have strong normative commitment if one friend or family member had been a long-term employee of an organization, and emphasized the importance of organizational loyalty.

2.4 Quality Work Culture

Work culture which ultimately impact the work approaches is something very subjective. It's very much guided by the national culture of the individual and of the organization they are attached to. According to Slowilowski (2007), who quoted Assael (1987), culture is defined as "the norms, beliefs and customs that are learned from society and lead to common patterns of behaviour". Central to any culture is a common set of values which determine what is considered socially acceptable behavior. Tansuhaj *et al.* (1991) investigated the role of cultural values in explaining differences in the willingness to try new products to help broaden the understanding of innovation resistance across cultures. They chose three variables that seemed to offer a more direct explanation of the differences in innovativeness across cultures: *fatality* (all events are predetermined by fate) *traditionalism* (degree of one's adherence to particularly cultural values) and *religiosity* (the role religion plays in the formation of values, attitudes and behavior).

Clash of cultures is captured in the cultural distance involved between the partners. The less distance, the more compatible the partners will be, and the more successful will be the international joint venture (Bowditch and Buono, 1989). Cultural distance can be measured according to the categories developed by Hofstede, power distance, individualism, uncertainty avoidance, masculinity and long term orientation. Since trust is a major dimension of effective partnership, those cultures which emphasize trust would minimize the impacts of cultural distance. In high trust ventures, organizational controls are often based on shared values such as duty or obligation to others (Shane, 1992, p. 300). Cultural distance is most clearly shown in terms of communication. This causes problems, particularly when the partners do not share a common working language. The local values, beliefs and norms for getting the jobs done are generally constrained by the international partner's approach to managing the joint venture (Walters *et al.*, 1994, p. 8).

Corporate culture can be referred to as a set of values, beliefs, and behavior patterns that form the core identity of organizations, and help in shaping the employees' behavior. According to Van de Post et al. (1998), culture is, to the organization, what personality is to the individual. It is a hidden but unifying force that provides meaning and direction. It is also a system of shared meanings, or systems of beliefs and values that ultimately shapes employee behavior. For Schein (1999), culture is the sum total of all the shared, taken for granted assumptions that a group has learned throughout its history. Also, culture is determined to be the residue of success. Culture is also the structure and control system to generate behavioral standards. Kotter and Heskett (1992) found that corporate culture has a significant impact on a firm's long-term economic performance. They found that firms with cultures that emphasized all the key managerial constituencies (customers,

stockholders, and employees) and leadership from managers at all levels, outperformed firms that did not have those cultural traits by a huge margin. They also believed that corporate culture was becoming more important in determining the success or failure of firms in the next decade. According to Sadri and Lees (2001), a positive corporate culture could provide immense benefits to the organization, and thereby a leading competitive edge over other firms in the industry. However, a negative culture could have a negative impact on the organizational performance as it could deter firms from adopting the required strategic or tactical changes. Such type of culture could inhibit future changes in an organization.

The role of the human resources professionals, in designing, conducting and evaluating programs to enhance the corporate work culture are integral to the success of the quality initiative. Training programs require much more than simply training in the tools and techniques of quality (Cushing et al, 1989). “A company has to come to grips with the issue of building a philosophical belief in the hearts and minds of its people rather than merely training them in procedures” (Spechler, 1989). To be successful, training programs need to be designed around the participants’ job and based on real-life experiences which can be translated into actions back on the job (Atkinson, 1990). A strategy for implementing training which addresses the basic issues relating to customer service such as communication, interpersonal skills, and also longer-term issues of quality involved with continual improvement is to create a customer culture in which service quality is the dominant value (Foster et al, 1989).

Research has also found that that one of the most effective methods to improve quality is to form teams to describe and improve processes (Berwick et al, 1990; Richards, 1994). It was also found that motivation, values and morale were key to improving quality, especially with service quality. Ignoring the personal side of