

**THE RELATIONSHIP BETWEEN CULTURE
AND EMPLOYEES' SATISFACTION ON ISO
9001 QUALITY MANAGEMENT SYSTEM
IMPLEMENTATION**

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DECLARATION

I hereby declare that the material in this thesis is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledged.

04 September 2014



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ABSTRACT

THE RELATIONSHIP BETWEEN CULTURE AND EMPLOYEES' SATISFACTION ON ISO 9001 QUALITY MANAGEMENT SYSTEM IMPLEMENTATION

This study aims to examine the relationship between culture and employees' satisfaction on ISO 9001 implementation. A total of 123 respondents participated in this study. The objectives of the study were achieved after examining the relationship between culture (independent variable) using five dimensions which include power distance, collectivism/individualism, masculinity/femininity, uncertainty avoidance and long-term orientation and satisfaction on ISO 9001 implementation (dependent variable). The final result shows that collectivism has significant positive relationship and masculinity has significant negative relationship with the satisfaction on ISO implementation. This study further examines the moderating effect of working experience and education level on the relationship between culture dimensions and satisfaction on ISO 9001 implementation. It is confirmed also working experience and education level are significantly moderate the relationship between some of the independent variables and dependent variable. In addition, this study has successfully reveals the degree of satisfaction of the employees working in ISO 9001 certified companies in Sabah. Overall the employees are satisfied with the system applied. The final result of the study also discover the culture in Sabah which is more to low power distance, collectivism, low masculinity, high uncertainty avoidance and high long-term orientation.



ABSTRAK

Kajian ini bertujuan untuk mengkaji hubungan antara budaya dengan kepuasan pekerja mengenai pelaksanaan ISO 9001. Seramai 123 responden telah mengambil bahagian dalam kajian ini. Objektif kajian ini berjaya dicapai selepas meneliti hubungan antara budaya (pembolehubah dimanipulasikan) dengan menggunakan lima dimensi termasuk jarak kekuasaan, kumpulan/ individualistik, kekelakian/ kewanitaan, pengelakkan keadaan yang tidak menentu dan orientasi jangka panjang dengan kepuasan terhadap pelaksanaan ISO (pembolehubah dimalarkan). Keputusan akhir menunjukkan sifat kumpulan mempunyai hubungan positif yang signifikan dan kekelakian mempunyai hubungan negatif yang signifikan dengan kepuasan pada pelaksanaan ISO. Kajian ini juga mengkaji kesan penyederhanaan daripada pengalaman bekerja dan tahap pencapaian pendidikan terhadap hubungan antara dimensi budaya dan kepuasan mengenai pelaksanaan ISO. Kajian ini telah mengesahkan pengalaman bekerja dan tahap pencapaian pendidikan dapat menyederhanakan hubungan antara beberapa pembolehubah dimanipulasikan dan pembolehubah dimalarkan. Sebagai tambahan, kajian ini juga telah berjaya mendedahkan tahap kepuasan pekerja yang bekerja di syarikat-syarikat ISO 9001 di Sabah. Secara keseluruhan, pekerja adalah berpuas hati dengan sistem yang dilaksanakan. Keputusan terakhir kajian mendapati budaya di Sabah adalah lebih terhadap kepada jarak kekuasaan yang rendah, bersifat kumpulan, kewanitaan, tahap tinggi dalam pengelakkan keadaan yang tidak menentu dan tahap tinggi dalam orientasi jangka panjang.

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LIST OF ABBREVIATION

ISO	- International Organization for Standardization
QMS	- Quality Management System
TQM	- Total Quality Management



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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Quality management is a kind of system management that involves new mindset and work approaches which focuses on product improvement (Noraini Ismail et al., 2006; Kull and Wacker, 2010). Many companies throughout the world have emphasized quality as competitive tool because of quality focus on increase customer satisfaction and in the mean time reduce costs (Talha, 2004). There are ways for quality improvement such as ISO standards, Kaizen, Six Sigma, Quality Circle and Total Quality Management (TQM). In Malaysia, quality implementation started in 1989 with the launch of Excellent Work Culture. Following with this was the introduction of The Prime Minister Quality Award, Quality Control Circle, training workshops on quality management and talks and discussions as well (Fei and Rainey, 2003; Ahmed et al., 2008). The public agencies had been required to implement the quality management system in line with MS ISO 9000 since 1996 (Fei and Rainey, 2003). This shows Malaysia Government has putting much effort to enhance quality service of public and private sector.

The most common quality system in use is ISO standards. ISO 9000 established in 1947 by the International Organization for Standardization, a non-governmentally run organization (Talha, 2004). It is created to standardize set of quality documentation standards which can be applied to a broad range of business and companies and for international trade purpose (Talha, 2004; Krajewski et al., 2013). Standards in the ISO 9000 series include ISO 9001, ISO 9000, ISO 9004 and ISO 19011. Table 1.1 shows a brief description for this series. The requirements of ISO 9000 standard are documented based on eight quality management principles such as continual improvement, customer focus and involvement of people (Alolayan et al., 2013). These principles are translated into requirements and documented in ISO 9001 standard requirements as well. ISO 9001:2008 is the latest update of the ISO 9000 standards which specifying what the firm does to



fulfill the customer satisfaction and achieve continual improvement (Krajewski et al., 2013).

Table 1.1: Standards in the ISO 9000 Series

ISO 9001:2008	A set of basic requirements of quality management system.
ISO 9000:2005	A set of basic concepts and language.
ISO 9004:2009	A set with focuses on improve quality management system to more efficient and effective.
ISO 19011:2011	A set of guidance on internal and external audits of quality management systems.

Source: International Organization for Standardization

In Malaysia, the Department of Standards Malaysia is mandated by the government to function as the National Standards Body as well as the National Accreditation Body through the Standards of Malaysia Act 1996. According to Department of Standards Malaysia, there is more than 5000 companies listed with ISO 9001 as for 31 December 2013 (refer to Table 1.2). This number is double of the figure of 15 years ago, 1998 with 2625 cumulative number according to Standards Malaysia Annual Report 2012.

Table 1.2: Accredited Certification at Malaysia (As of 31 December 2013)

Number of certified scopes for ISO 9001:2008 Quality Management System (QMS)	5983
Number of certified organization for ISO 9001:2008 Quality Management System (QMS)	5528

Source: Department of Standards Malaysia

The implementation of the ISO quality management system or in short ISO QMS has been proved as its effectiveness and positive impacts on overall organization performance (Tigani, 2011). The primary drivers for setting objectives for ISO are usually based on the organization's market position, the organization's will to improve the performance or the organization's commitment to quality issues

(Poksinska et al., 2006). According to literatures, effective quality management would reduced costs and improved quality in the same time benefited company externally and internally (Mathews et al., 2001; Krajewski et al., 2013). The products and services with ISO certified are always perceived as being of higher quality. Hence, it is reported an average of 48 percent increase in profit and 76 percent improvement in marketing for registered companies (Krajewski et al., 2013). Consumers are more likely to choose a ISO certified company due to greater trust and confidence on their products and services (Tannock and Brown, 2004). Besides, previous findings have also concluded that implementation of ISO 9001 has a positive relationship with work involvement, job satisfaction, organizational commitment, customer satisfaction and increase of quality awareness (Thilakarathne and Chithrangani, 2014; Durairatnam et al., 2011).

However, it has been reported that ISO certification came along with various obstacles and barriers (Osman et al., 2001). Generally, the nature and scope of the ISO QMS can be understood by knowing the motives to initiate the system. In particular, this can reveal if the organization is "forced" to have quality systems or internal initiative for improvement (Mathews et al., 2001). If implementation is due to "forced" such as to fulfill the customer requirements, QMS may not be successfully implemented due to negative factor from employees (Mathews et al., 2001). According to Osman et al. (2001), employees issues play a vital role in all stages of ISO implementation as the most important factor for a successful ISO implementation was employees' commitment while the most negative factors were resistance or unwillingness to change and stubbornness or arrogance behaviour. The research of Jabnoun (2003) also showed that the most important barriers to ISO certification were employees' resistance to new responsibilities, lack of external advisors, daily work pressure, organizational culture, lack of cooperation among middle managers and lack of related training programs. According to Amran Ahmed et al. (2008), any management system which was implemented badly may lead to increase of paperwork and prohibited the raise of creativity. The implementation and process of ISO documentation is always viewed as messy and costly (Amran Ahmed et al., 2008). Some say it is a regular way in doing works that strictly follows established procedures (Osman et al., 2001). Furthermore, employees have to do two jobs in the same time which

are, the job they have to complete and "record" what they have done (Koo et al., 1998).

In view of the popularity in ISO practices, it is essential to ensure the implementation of ISO 9001 is successful and comes along with expected advantages. Employees and management in an organization play important roles in implementation of ISO QMS. As mentioned before, one of the principles of the standard is involvement of people. It is important to understand the employees' perception or behavior on the system to ensure the involvement of people during implementation of standard. From that, one can aware of the possible drawbacks and take necessary action to minimize the adverse impact.

1.2 Problem Statement

The negative perception on ISO QMS will cause dissatisfaction or reject from the employees which could be potential barrier for successful ISO implementation. Acceptance of ISO QMS by the employees is important for the success of the quality management system as it has major impacts on the degree of involvements and commitment of the employees to the implemented system. According to Tigani (2011), acceptance and refusal of the system can affect psychological conditions of the workers. For example self-motivated will raised if the workers are accept the system while resistant to system will emerge up if the workers refuse and this further will cause failure of the implementation of system. In view of this, employees' attitude has to be identified and properly handled to ensure the quality system is successfully implemented and sustained.

This research was designed to study on the employees' attitude on ISO QMS implementation in particular satisfaction on the system implemented. Basically, the causes of employees' attitude are from dispositional influence, cultural influences and work situation influences (Saari and Judge, 2004). This study was focus on the influence of culture on attitudes and values reflected by an individual. According to Hofstede (1991), values constituted the core of culture and formed the basis for what was considered as good, beautiful, normal and rational. Hence, if the employees have similar value and concept with ISO system, they would felt satisfy with the implementation of system however if the ISO policy and implementation

was against their values, they would feel dissatisfied on the implementation. As a result, the dissatisfaction would be expressed by employees in ways such as not following or bypassing the ISO procedure, ignorance and bad attitude (Osman et al., 2001). Lastly, causing the failure in sustaining ISO certification.

In view of the possible problem occurring, this study was designed with the intent to identify the relationship between culture and satisfaction on ISO 9001 implementation among the employees in an ISO certified company. Besides culture, this study would also investigate the moderating effects of working experience and education level on the relationship between culture and satisfaction on ISO standard.

1.3 Justification of using Hofstede's National Culture Dimensions

Among the theories of culture that are commonly used by management scholars on employee attitudes, this study was done according to Hofstede's cultural dimensions. Hofstede's culture dimensions were fully developed and covered major conceptualizations of culture (Yoo, Donthu and Lenartowicz, 2011). The chosen of Hofstede's framework was due to this framework is the most referred and was widely applied at both country and individual levels in previous studies as it produces actual figures on the dimensions (Lagrosen, 2003; Yoo, Donthu and Lenartowicz, 2011). Many studies have heavily replicated Hofstede's culture dimensions and found it as the most important culture theory (Yoo, Donthu and Lenartowicz, 2011). According to Jung et al. (2008), Hofstede's cultural factors such as power distance, individualism, masculinity, uncertainty avoidance and long term orientation have impact on people's behaviour. Hence this study would adopt these five culture dimensions as measurements.

1.4 Research Questions

This study was designed to solve the following research questions:

- a. What is the degree of satisfaction on ISO 9001 implementation?
- b. Do culture dimensions such as power distance, collectivism/individualism, masculinity/femininity, uncertainty avoidance and long-term orientation have a positive relationship with satisfaction on ISO 9001 implementation?

- c. Does working experience and education moderate the relationship between culture and satisfaction on ISO 9001 implementation?

1.5 Research Objectives

The objectives of study were addressed as follow:

- a. To identify the degree of satisfaction on ISO 9001 implementation.
- b. To investigate the relationship between culture dimensions and satisfaction on ISO 9001 implementation.
- c. To investigate whether working experience and education moderate the relationship between culture and satisfaction on ISO 9001 implementation.

1.6 Scope of Study

This was a cross sectional study which focused on companies that have implemented ISO 9001 and these companies should be in Sabah in across all industries. The scope of study was conducted on the one who working in ISO 9001 certified company in Sabah either private or public organization. Survey questionnaires would be distributed to all levels of staffs except those have no impacts on ISO system of the selected organization.

1.7 Significance of Study

This study attempted to provide understanding of the relationships between cultural dimensions and attitude toward ISO 9001 implementation. In recent years there have been numerous studies on ISO implementation which mostly related to employee job satisfaction or job performance (for example, Tigani, 2011; Valmohammadi & Khodapanahi, 2011). Few studies are related with both quality management and culture and the available of the studies mainly about Total Quality Management (TQM) practices (Kaluarachchi, 2010; Jung et al., 2008). This empirical research would contribute to the existing literatures by provided knowledge on the effect of cultural dimensions on the reaction of employees toward QMS implementation specified in ISO 9001. In terms of managerial implication, this study can help managers in better understanding on the employees' attitudes towards ISO QMS. By knowing more precisely of what employees think and what kind of culture dimensions will affect the system,

manager can know the suitability of the system to organization and make adjustment to the quality management system accordingly.

1.8 Definition of Terms

Quality Management System (QMS)

A set of formalized system that record and documented all structure, responsibilities and procedures required in achieve effective quality management (American Society for Quality, n.d).

ISO 9001

A standard address quality management by specifying what the firm need to do to fulfil the customer's quality requirements, in the purpose to enhance customer satisfaction and achieve continual improvement of its performance (Krajewski et al., 2013).

Culture

A shared solutions to universal problems of external adaptation and internal integration which have evolved over time and are handed down from one generation to the next (Schneider and Barsoux, 2003:22).

Power distance

The extent of power inequality among members of an organizational society (Hofstede, 1980).

Individualism and Collectivism

The relationship between the individual and the collectivity that is reflected in the way people live together (Hofstede, 1980).

Masculinity and Femininity

The extent of roles division between sexes to which people in a society put different emphasis on work goals and assertiveness as opposed to personal goals and nurturance (Hofstede, 1980).

Uncertainty avoidance

The extent to which the members of an organizational society feel threatened by and try to avoid future uncertainty or ambiguous situations (Hofstede, 1980).

Long-term orientation

The degree to which a culture focuses on the future (Lu et al., 2012).

1.9 Organization of the Thesis

This thesis was constructed in five chapters with the flow as shown in Figure 1.1. Chapter 1 described the background of the study, problem statement, research objectives and questions, scope of study, significance of study and definition of variables. Chapter 2 was about literature review of culture dimensions and quality management system. Chapter 3 provided the methodology of the study which consisted of theoretical framework, research design, target population, sampling, research instruments, data collection procedures and data analysis method. Chapter 4 was the analysis and findings of data. Lastly, discussion and conclusions were presented in chapter 5.

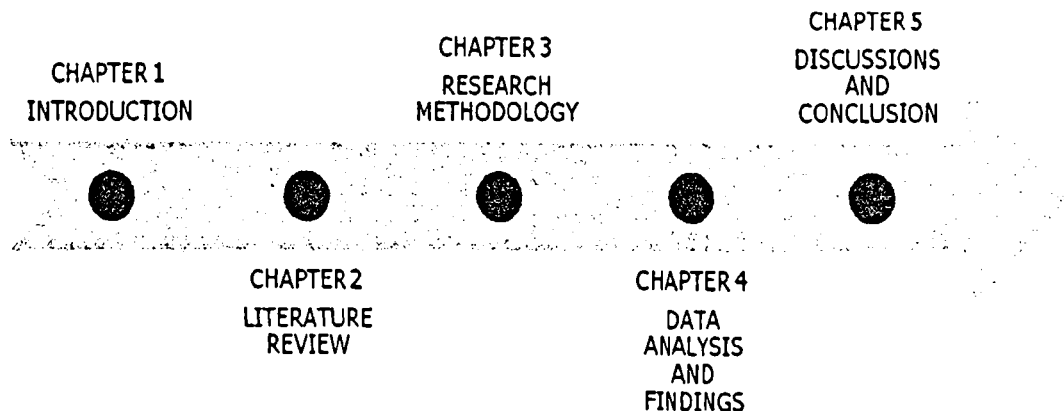


Figure 1.1: Flow of each chapter

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter discussed the past studies on cultural dimensions and employees' view on Quality Management System. Research hypothesis was proposed at Chapter 3 based on these previous studies. Literatures on employees' view specified on ISO 9001 implementation in scholar were few. In lieu of this, literatures on TQM practices would be included in review as ISO standard was said as an extension of TQM (Talha, 2004). The employees' view on ISO standards could be enhanced from the way they view on TQM practices.

2.2 Employees' View on Quality Management System

The continuous improvement of quality management system until today has cause the awareness of all business regarding this area. ISO 9000 is an establishment of a basic quality requirement that used to ensure the process is producing product that meet customer's requirement (Tigani, 2011). There are many standard specifications related to ISO 9000. The combination of the standards in 1999 has resulted with the release of two important standard specifications which are ISO 9001 and ISO 9004 (Tigani, 2011). Compliance with ISO 9001 indicates that the companies can provide documentation to support their effort in quality and achieve continual improvement to fulfil customer satisfaction (Krajewski et al., 2013). With experience in implement the guidelines and requirements of the ISO documentation standards, the companies can further pursuing a broad set of control management which is called Total Quality Management (Krajewski et al., 2013; Talha 2004).

To success in the implementation of ISO QMS, there are some aspects that viewed as important factor for the organization. According to Valmohammadi and Khodapanahi (2011), empowerment, teamwork, continuous improvement and problem prevention were the important aspects to ISO 9001. Besides, employees would be perform better and have higher job satisfaction if the top managements were committed and engaged in the practice. The result of Roslina (2012) showed



that the critical success factors of ISO 9000 maintenance consisted of top management commitment, employee involvement, continuous improvement, motivation and reward, and teamwork. Meanwhile, she had also summarized the possible problems faced by company in maintaining the quality system such as lack of commitment and cooperation between people, lack of awareness and understanding on ISO 9000, and lack of communication.

Previous studies have shown enough positive view from the employees on quality management system implementation. Study of Sity Daud et al. (2012) and Nazri Muslim (2012) on UKM staffs showed that the staffs were aware and accepted the ISO implementation. They found that the staffs perceived the implementation of the standard as very effective and they were comfortable to work under the control of ISO. The survey on level of satisfaction with the QMS among the management done by Buciunience et al. (2006) on Lithuanian hospitals found that respondents who were trained and familiar with ISO 9000 standards were more competent in quality management. The studies of Karia and Asaari, (2006) and Guimaraes (1996) on Total Quality management showed that TQM practices had positive effect on employees' work-related attitudes which include job involvement, job satisfaction, career satisfaction and organizational commitment. In addition, Guimaraes (1997) and Ooi et al. (2006) found that TQM did have significant positive effects on personal attitudes towards their propensity to remain within the organization.

Even though quality management has positively impact on employees, there are still available of negative perceptions from the employees. According to previous study, some negative aspects that viewed by employees were the ISO system was too costly and this system would restrict their freedom in doing work and also increase their workload (Amran Ahmed et al., 2008; Osman et al., 2001; Koo et al., 1998). The study of Tigani (2011) showed that the implementation of ISO 9000 QMS had no impact on employees' work performance and employees were disagree with the satisfaction, suitability and applicability of ISO 9000. The study of Noraini Ismail et al. (2006) showed that low interest had influence the acceptance of ISO 9000 and created more resistance and delay. The study concluded that there was correlation between perceived value with interest,

knowledge, acceptance of ISO 9000 and implementation. In the study of Lam (1995) on the organizations of Hong Kong, more than half of the respondents felt that TQM had increased their work load which required more skill and accuracy. Furthermore, the respondents were seemed not satisfied with the programmes since their autonomy had been reduced but added with greater responsibility in their work.

As conclusion, employees' views on quality management system have both positive and negative. The degree of satisfaction on ISO QMS is more related to employees' perception on the effectiveness and acceptance of the quality system. This will further influence employees' work attitudes such as job involvement, job satisfaction and organizational commitment which will impact in organizational performance.

2.3 Culture

Culture has been defined in many ways. It can be defined as "shared patterns of behavior" or "systems of shared meaning or understanding which drive or explain the behavior observed" (Schneider and Barsoux, 2003:22). Management scholar Ed Schein defined culture as "a set of basic assumptions – shared solutions to universal problems of external adaptation and internal integration – which have evolved over time and are handed down from one generation to the next" (Schneider and Barsoux, 2003:22). To further understand the basic culture assumptions, there were many dimensions used as guide. Key dimensions commonly used were derived from Schein, Trompenaars, Kluckhohn and Strodtbeck, Hofstede and Hall (Schneider and Barsoux, 2003:34). The two most widely known studies on differences between national cultures were Hofstede (1991) and Trompenaars (1994). Both of the studies have collected huge databases in multinational companies and classification of nationalities in terms of culture dimensions. These two studies have provided the strongest basis for discussions on the differences in national practices (Mathews et al., 2001).

2.4 Hofstede Cultural Dimensions

Hofstede (1980) argued that people carried "mental programs" that contained a component of national culture which developed and reinforced through their

experience. To classify the national cultures, Hofstede had done a research on 116,000 IBM workers which asked people about their preferences in terms of work environment and management style (Schneider and Barsoux, 2003:87). Hofstede had used a set of four dimensions which were feminine-masculine, collectivist-individualist, power distance and uncertainty avoidance to explain the national cultural. Hofstede proposed the fifth cultural dimension in addition to the original four cultural dimensions. This dimension was called Confucian Work Dynamic initially but further renamed as Long-Term Orientation by Hofstede (2001).

2.4.1 Power distance

Power distance is concerns inequalities in power and wealth between different layers of population (Lagrosen, 2003). It also measures the degree of members seek guidance from their supervisors (Jung et al., 2008). Under decision making condition, high power distance will shows a decision which may be taken by one person or group but implemented by another persons or group. While low power distance is the decision took and implemented by both groups (Kaluarachchi, 2010). Hofstede (1991) pointed out that organizations tend to centralize power in a few hands in large power distance, while decentralized in small power distance. Under low power distance, subordinates were expecting to be invited in decisions making that affect their work. In one organization, there can be variations in power distance between superiors and subordinates. The ideal boss in small power distance is a resourceful democrat while the ideal boss in high power distance is a benevolent autocrat or good father (Lagrosen, 2003).

2.4.2 Individualism and collectivism

According to Hofstede (1991), individualism-collectivism dimension was central in deciding how easy the chosen tool is to implement and how good a performance the organization gets from the chosen tool. Individualism tends to see and care themselves and their closest family while collectivism sees group is more important (Lagrosen, 2003). Under the organization situation, the one who display higher attachment to his own goals is individualism while the one care more to organizational goals is collectivism (Kaluarachchi, 2010). Members from a collectivistic society seek more loyalty and favor in return from the group. The relationship between employer and employee is perceived like a family link in

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