Uncovering aspects that facilitate a continuous improvement culture within nonprofit organizations

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Abstract

The literature shows that organizational culture has a significant impact on implementing and sustaining continuous improvement initiatives, although there is a lack of research on how to achieve this impact. Therefore, this action research adopts a grounded theory approach to explore aspects of organizational culture that facilitate continuous improvement. Eighteen interviews in nine nonprofit organizations yielded data which, when analysed revealed forty emergent factors, classifiable into six core themes developed by the participants during two focus group discussions. These themes conceptualized by Schain’s model of organizational culture.

Keywords: Organizational Culture, Continuous Improvement, Nonprofit Organizations

Purpose

This research explores aspects of organizational culture so as to facilitate continuous improvement within nonprofit organizations. It has been confirmed that organizational culture has a remarkable impact on facilitating continuous improvement (Verma & Moran 2014; Fryer & Ogden 2014; Coleman 2015; Iberahim et al. 2016).

Motivations

Little empirical research has investigated how organizational culture can facilitate continuous improvement within the nonprofit sector. Therefore, this paper asks what cultural factors facilitate continuous improvement in nonprofit organizations. Saudi Arabia equally has received little academic attention in the literature, despite its unique situation in this regard (Ovidiu-Iliuta 2014; Givens 2012; Alshammari et al. 2014; Montagu 2010)

A literature review

In quantitative research, a literature review is commonly systematic (Holliday 2016). In qualitative research, by contrast, a literature review need not be the same, since its purpose is (Holliday, 2016) to interrogate established knowledge, and sort out positions, ideologies and discourses of knowledge to establish a research position. The present
research started with its questions and then looked at the writings that corresponded to them.

Organizational Culture
The concept of organizational culture has evolved gradually and now seems to be an important asset for determining several aspects which control the continuous development of organizations (Clark 2012). The main characteristics of organizational culture have been defined as a pattern of guiding principles or shared basic assumptions in an organization (Clark 2012). Sackmann (1991) divided its components, using an iceberg model, into visible, i.e. visible, official and ‘espoused’ and ‘basic’ manifestations. Beliefs on the second level are tacit, commonly held, habitually present and emotionally anchored (Sackmann 1991). Similarly, Schein (2010: 24) argues that culture can be analysed on “three levels: artefacts, espoused beliefs and basic underlying assumptions”, agreeing with Sackmann (1991) that culture has two sides: visible and invisible. Parker’s definition (2000) acknowledges both levels: ‘Patterns of interpretation composed of the meaning associated with various cultural manifestations, such as stories, rituals, formal and informal practices, jargon and physical arrangements” (note the focus on visible aspects). Invisible aspects were emphasized later; Ravasi and Schultz (2006) see it as “a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behaviour for various situations”.

Organizational culture mostly entails members moral values, basic assumptions, shared principles, beliefs and ideologies; it incorporates the organization’s vision and mission statements, codes of conduct and aims and objectives (Clark 2012). These are normally its main driving elements more informal than formal. Many experts believe that organizations with a specific organizational culture are more prone to excel in their business plans and daily business operations because the culture guides the organization to attain the established aims and purposes.

Since organizations, whether transnational, multinational corporations or international, began operating internationally and well-known brands located themselves across the globe, research has explored the association between national and organizational culture (Al-Otaibi 2014), arguing for example that national cultures are unlike local cultures (Liker & Hoseus 2008). Yet national cultures pervade organizational cultures (Liker and Hoseus, 2008). Even global companies are situated in sovereign states. Different nations and their national shared values or community values (Common 2008) influence their organizational cultures. In eastern regions, where most countries have an Arabic cultural pattern, the behaviour of organizations is different from the behaviour of other organizations elsewhere.

A widely-cited definition of national culture, though not universally accepted (Jones 2007), is by Hofstede (Bond 2002), who empirically studied 116,000 employees from over fifty-three nations, in the technology and consulting corporation, IBM between 1968 and 1972. He classified these employees along four dimensions: power distance, uncertainty avoidance, individualism/collectivism and masculinity/femininity (Bagchi et al. 2003). Power distance normally determines how far the less fortunate and less powerful citizens or members of society accept and expect power to normally be unequally distributed (Al-Yahya 2009). Uncertainty avoidance measures society’s tolerance for uncertainty and ambiguity, especially how far loving one’s culture controls the future. The dimension of individualism versus collectivism measures how far citizens expect to focus on their and their immediate family’s individual needs, compared to the degree of aid expected from social institutions (Common 2008).
Masculinity and femininity is Hofstede’s third cultural dimension, which distributes roles and responsibilities between genders. However, Hofstede’s conclusions do not escape criticism.

**Saudi Arabian Culture**

Saudi culture, which of course, affects the nonprofit organizations studied in this research has as its recognised religion Islam, a religion that today has an estimated 1.2 billion adherents (Al Saud 2013). It shapes the mentality and behaviour of the Saudi people and their Arab traditions (Bjerke & AlMeer 1993), pervading Saudi life (Hofstede 1991). Saudi Arabia, the birthplace of Islam, is one of the world’s most religious countries (Shaheen Al Ahwal et al. 2015). Islam promotes a set of moral values and social behaviours in the text of the Qur'an and sayings of the prophet Mohammad, peace be upon him (Kabasakal & Bodur 2002). However, it should be noted that not everything in an Islamic country necessarily represents Islamic values.

**Continuous Improvement Functions**

Continuous improvement has the advantage for smaller organizations of not requiring much outlay or huge expertise (Bessant et al. 1994). The benefits of continuous improvement are available to all sectors (Fryer et al. 2007). But continuous improvement more helpfully applies to nonprofit organizations, because it is "more valuable at a time when financial budgets are severely constrained" (Cabinet Office of UK Government 2012). Continuous improvement has many benefits: it requires low capital investment (Jha et al., 1996), improves performance (Goh, 2000), improves customer satisfaction (Taylor and Hirst, 2001) and increases employee commitment (Temponi, 2005).

The term ‘continuous improvement’ came from Toyota (Liker & Morgan 2006), which added it to ‘lean’ tools as an aspect of the Toyota Way. Carlson et al. (2001) state that continuous improvement describes processes designed to monitor and improve services to the customer. Bhuiyan and Baghel (2005) find that “continuous improvement initiatives in the past reflected the use of various principles related to work improvement, [and] modern day continuous improvement is associated with organized and comprehensive methodologies”. Continuous improvement importantly complements more radical, step-change forms of innovation (Bessant et al. 1994); Bhuiyan and Baghel (2005) add that “major improvements take place over time … [from] numerous incremental improvements”. From all these definitions, it can be seen that continuous improvement occurs “where all members of the organisation work together on an ongoing basis improving processes and reducing errors to improve overall performance for the customer” (Fryer et al. 2007). Generally, continuous improvement can be “an umbrella concept for a wide range of tools and techniques to improve manufacturing performance” (Ehie & Sheu 2005). These tools could include Kaizen, lean, six sigma and total quality management (Huq 2005).

**A Conceptual Model**

Schein’s model of organizational culture (Schein 2010) was chosen as the model for developing a framework regarding the continuous improvement culture. Schein illustrates the organizational culture at three levels, artefacts, espoused values and basic underlying assumptions. Artefacts include visible organizational structure and processes; they are readily observed, and have multiple cultural meanings. Espoused values include strategies, goals and philosophies; they are observable patterns of meaning. Basic underlying assumptions are taken-for-granted beliefs, perceptions,
thoughts and feelings; they are not directly observable but apparent from observing the culture (Lawson & Shen 1998).

This model was chosen mainly for the strong coherence between its three levels, which makes it dynamic and its capacity to embody and represent cultural aspects. This allows change at any level to affect the others and every single factor emerging from data analysis to correspond to one level or more of the three.

Nonprofit Organizations
The nonprofit sector is “the sum of private, voluntary, nonprofit organizations and associations” (Anheier 2014); nonprofit organizations are vital to economic well-being (National Center for Charitable Statistics 2015). The overlap between the main definitions of nonprofit organizations (Salamon et al. 2000) isolates the following features of such bodies:

- Self-governing.
- Nonprofit-distributing.
- Private and non-governmental in basic structure.
- Voluntary to some meaningful extent.
- Engaging people on the basis of some shared interest or concern.

Nonprofit organizations, philanthropic and centred on social well-being, work to improve the community by providing services which support and enhance community living. They may be educational, religious or charitable groups serving the common good. Countries have individual charity laws, taxation and regulations, causing charities to vary.

A charity’s reputation with its societies and its donors depends upon its financial stability, which is assessed by charity evaluators who consider how much charities gain from fundraising, sponsorship, revenue from investments and the income generated from the sale of goods and tax refunds (Oakland 2003). Charities must reveal exactly how much they receive from their donors (Rad 2005).

Nonprofit Organizations in Saudi Arabia
Saudi Arabia’s ministry for most nonprofit organizations is the Ministry of Social Affairs. The two main groups considered are charity associations and charity foundations (Arabia 2012b), more than 700 altogether, including 650 charities (Arabia 2012a) and 89 private foundations (Arabia 2013).

Methodology
Qualitative data is suggested as an appropriate method for answering the research question (Marshall 1996). The present research adopted an interpretive paradigm whereby reality, treated as a subjective and multiple entity that is “socially constructed”, can be mentally explored from the participants perspectives (Collis & Hussey 2003; Dahlbom 1992). Grounded theory was the chosen approach for collecting and analysing the qualitative data; thus, the constructed theories were ‘grounded’ in the data themselves (Charmaz 2014; Faisal et al. 2011).

The methodology adopted an issue-focused technique with “a phenomenological orientation, which introduces a specific context that forces respondents to draw on the same stock of knowledge” (Sackmann, 1991). The research process indicated that continuous improvement was an appropriate device to allow interviewees to reflect on, freely and openly, the taken-for-granted aspects of their social settings. The interviewees were asked to give one example (or more) of a continuous improvement
story that happened in their organizations. This technique allowed tacit components of culture from the insider’s perspective to be brought to the surface. These tacit components would synthesise the situations that were being explored, determined analytically by collecting and analysing relevant information.

Nine Saudi nonprofit organizations have participated. Eighteen unstructured interviews were conducted. They lasted an hour on average and were in Arabic, the interviewees’ main language, and this allowed enough time for such an exploration. Then the transcripts were translated to convey their meaning and spirit from the source to the target (English); “care … [was] taken to ensure … a meaningful version” (Harbi et al. 2016).

Trustworthiness has been considered in this qualitative research. Trustworthiness, according to Guba and Lincoln (1994), has four main aspects: credibility, transferability, dependability and confirmability. To this end (Corley & Gioia 2004), the data were stored on a qualitative data-management program. Next, the research methodology and its context were exhaustively described (Holliday 2016). Third, the findings were revised with peer debriefing. Fourth, experienced qualitative researchers were asked to audit the empirical processes. Samples of data were analysed in cooperation with a researcher (academic) and an employee (industrial). Fifth, the results were submitted to the participants for their agreement. The resulting data are analysed and validated with observations and group discussions. The findings were confirmed by evidence from observations and discussions.

**Findings**
This research has uncovered six core themes with an impact on facilitating a continuous improvement culture within nonprofit organizations, as shown in (Figure 1). These themes located in two different level of Schein’s model (2010). Figure 1 figure also shows that these themes have dynamical influences on each other. Further details are also shown in (Table 1) in the next page.

![Figure 1 - Map of links between the themes based on Schein's model](image-url)
Table 1 - Themes indicators

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<tr>
<th>Themes</th>
<th>Indicators</th>
<th>Key literature</th>
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<tr>
<td>Encouraged Employees</td>
<td>Employees enjoy good relations and share values that enhance performance, the organization provides constant support and training, employees are given sufficient authority, the organization endeavours to provide its employees with job security.</td>
<td>(McMurray &amp; Muenjohn 2016), (Rama Devi &amp; Phanindra 2014), (Vaijayanthi &amp; Shreenivasan 2014), (Calvasina et al. 2014), (Vasavada-Oza 2016), (Bouncken &amp; Fredrich 2016), (Jurisch &amp; Palka 2014), (Zhang &amp; Cao 2014), (Keim et al. 2014), (Akhtar et al. 2014).</td>
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<td>External Interaction</td>
<td>The organization strives for customer satisfaction, it aims to develop its partners, it benefits from the opinions of outside experts, it deals comfortably with its competitors, it participates effectively with government legislation.</td>
<td>(Cárdenas &amp; Mantilla 2015), (Kistruck et al. 2015), (Humphries &amp; Gibbs 2015), (Dixon et al. 2014), (Ramakrishnan 2015), (Diamandescu &amp; Ionita 2015).</td>
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<td>Operational Commitment</td>
<td>The organization utilises defined tools for improvement, it benefits from feedback, its organizational structure is based on market needs, there are clear working procedures, the organization’s activities are based on advance planning and defined schedules.</td>
<td>(Lin et al. 2015), (Levina et al. 2015), (Mucaï et al. 2014), (Osunde et al. 2015), (Gambescia &amp; Donnelly 2015), (Plessis 2016), (Plessis 2016), (Nidhi Goyal 2016), (Chowdhury et al. 2016), (Hazan et al. 2016), (Nowack 2015), (Bechtel et al. 2015).</td>
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<td>Evaluation for Improvement</td>
<td>The organization adheres to performance standards, it implements improvements progressively, procedures are updated regularly, and to enhance this, channels of communications between employees are smooth and direct, the organization allows employees flexibility in working hours.</td>
<td>(Blazovich 2014), (Savolainen 2013), (Vosloban et al. 2013), (Schultz et al. 2015).</td>
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<td>Creative Environment</td>
<td>Communications are spontaneous, everyone participates in decisions on optimisation in order to raise the standard of the organization, feedback is viewed as opportunities, experiences with optimisation are documented in order to profit from them.</td>
<td>(Alnassar 2014), (Fenner-Crisp &amp; Dellarco 2016), (Phipps et al. 2013), (Chang et al. 2015), (Dean et al. 2014), (Murante et al. 2014), (Patterson et al. 2015).</td>
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<td>Driven by Values</td>
<td>The organization is value driven, this is enhanced by religious teachings, attention is paid to achieving results, there are courage and resolve to change for the better, criticism is accepted graciously, in addition to sharing successes with others.</td>
<td>(Harland &amp; Nienaber 2014), (Wick 2014), (Rodell et al. 2016), (Harris &amp; Gibson 2014), (Froese et al. 2016), (Lussier &amp; Corman 2015).</td>
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Conclusion
The findings were found supported by the literature. Considering these themes could increase the capability of the nonprofit sector to facilitate continuous improvement. However, further work is being conducted to develop interventions that could secure these themes. The intended interventions are expected to support nonprofit organizations, which contribute much to the country’s economy and well-being.

References
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