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## NUMMI — PERSPECTIVES ON THE ROLE OF ORGANIZATION CULTURE

By Jan Abbott • //

This article is about the organization culture of New United Motor Manufacturing Inc. In the four years since NUMMI opened its doors as a General Motors/Toyota joint venture company, most descriptions have focused on the visible features of the production system itself, the team structure, the training given to workers, the suggestion system, and so on. Much less attention has been paid to the underlying values and principles to which the company and union have committed themselves. It is the combination and interdependency of its operating systems and operating values that have produced the "NUMMI culture" which so many organizations seek to emulate.

### What is Organization Culture?

The idea that organizations have their own culture is nothing new. Organizations have a certain style about them and a way of doing things that separates them from others. Like any national culture, the culture of a workplace is based on a certain set of values and on related assumptions about the way things are and the way they should be. Culture helps people to make sense of their environment because it tells them what they can expect of that environment, how they relate to other people in it, the kinds of behavior that are appropriate, and the results that certain actions will produce. The culture of an environment also determines much of its structure because people make decisions about production systems, work rules, and reward systems, based on their cultural assumptions. For example, if an organization's culture assumes that most people lack interest in their work and are uncreative, it will tend to

design jobs to be as simple as possible, will provide few opportunities for employee involvement, will rely on discipline for control, and will focus on money for incentive. These structural responses then reinforce the original assumptions: If work is designed to be as simple as possible, with few opportunities for creativity, then employees eventually do become uninterested in their work and uncreative.

### Contrasts in Organization Culture

It is because organization culture is so important to how an organization really works that attention to NUMMI's culture is important. In the final analysis, what makes NUMMI special is not its teams, *andon* boards, *kaizen*, standardization, or its just-in-time systems. Other organizations imitate them and still do not produce a NUMMI-style environment. What sets NUMMI apart is that its production system operates in the context of a particular culture based on values of equity, involvement, respect, inclusion, harmony, excellence, and concern for employee security. These values have been translated into a set of assumptions about work and people that are different from many other more traditional U.S. manufacturing environments. (See Table 1.)

Of course, many organizations today *claim* that they have changed their culture and are now committed to the same or similar principles as those shown above for NUMMI. Corporate offices everywhere are littered with "Values Statements" to that effect. Unfortunately, it is easier to talk about new values than it is to make them operational. An organization's culture can be changed, but it is extremely difficult. The main values and features of a culture tend to be deeply ingrained and are passed on from one generation of employees to another. People learn how to behave, survive and succeed in their old culture. A demand for change is threatening: people feel insecure and uncertain. Even if they know what to do make a desired change happen, they may not know how to do it and they may not be really willing to take the

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**Table 1: CONTRASTS IN CULTURE**

**Traditional Culture Assumptions**

Managers and workers are different kinds of people, naturally in conflict. Managers and professionals are paid to think. Production workers are paid to do.

Unions are outside interlopers which prevent the organization from being productive.

Bottom-line results are what counts. Management's job is to find ways of achieving them.

Problems are failures for which individuals are held responsible and accountable.

**NUMMI Culture Assumptions**

Managers and workers are members of the same team. All employees have equal value in reaching goals. All are paid to both think and do.

Good human relations are the foundations of organizational success. The union is a partner and legitimate stakeholder in the organization.

Quality is the prime value. Good results come from good process; continuous improvement (*kaizen*) and mastery of tasks (through standardization).

Problems are opportunities to improve. Everyone can contribute by identifying and solving problems.

risks which are involved. The true tests of a culture are the actual systems and behavior that operate in the organization, not the hopeful statements that hang on office walls.

**The Impact of Culture:  
The Traditional Organization**

In the traditional organization, the cultural assumptions listed in the table above tend to produce an environment in which managers and workers operate on either side of a clearly defined line. Even if much bemoaned, the "we-they" syndrome is actually taken for granted. Despite rhetoric about equality, participation, and mutual respect, many managers and professionals (the thinkers) believe they are more important to the organization than production workers (the doers).

This gulf is further widened because management and workers feel threatened by each other. Workers expect to be exploited. Management expects to be cheated. Unions try to protect their members against management; management tries to protect the organization against the unions. In the U.S. labor relations system, the parties erect defenses against each other made up of endless rules, contracts, and memoranda. They contain their conflicts in grievance meetings, disciplinary hearings and collective bargaining sessions that are typified by ritualized and adversarial scripts.

Finally, "good" performance is anything producing bottom-line results. In this type of organization, managers and supervisors develop a "whatever works" approach and call it "pragmatism." This hour-to-hour process actually creates many problems, but since problems are someone's "fault," someone usually gets punished when a problem becomes obvious. So people conspire to avoid or hide problems. This often means sacrificing quality to quantity, schedule, or cost; inventing "fixes" and force-fits; hiding or delaying problems by using cushions of privately stockpiled parts or "relief" labor; or passing problems down the line for someone else to solve or take the blame.

And the overall result? An environment that is ineffective,

alienating and truly stressful for everyone, managers and workers alike.

**The Impact of Culture: NUMMI**

The NUMMI culture produces very different systems and behavior. The values have been made operational and the relationship between people, the work they do, and the organization they work for has been changed.

The NUMMI assumptions that everyone is a member of the same team, all have equal value in reaching organization goals, and everyone can contribute mental as well as physical skills have produced outcomes in which traditional we-they boundaries and conflicts are much reduced:

- NUMMI team-leaders are UAW members, but they perform tasks which are performed by management supervisors elsewhere. They participate in the selection of new team members, are responsible for training team-members, and are expected to motivate, lead, and resolve conflicts. Group-leaders, the first non-union level of management, have such wide responsibilities that they must focus on interfaces between teams, rather than on what goes on inside teams.
- Industrial engineers do not exist as such. Employees on the line are responsible for managing job efficiencies and method. Engineering staff in the factory are expected to operate as resources to the line—and as colleagues to production workers. Everyone is trained to think—production workers are expected and equipped to participate in work design and to "*kaizen*" (improve) jobs on a continuous basis.
- Every year, NUMMI provides its production workers with between 40 and 80 hours annually of training. In the first two years of operation, almost all training at NUMMI focused on the factory and on the needs of those working in it. Since 1987, much of the training has been conducted by team-members who have been trained as instructors, rather than by specialist professional staff or consultants.

- Training program content has also been much broader than in most manufacturing environments, including subjects normally taught only in management classes such as team-building, motivation, leadership, conflict management and performance management. Although there has been an expansion of training for production workers in U.S. industry in recent years associated with QWL and employee involvement programs, extensive, large scale management-style training is still unusual. Scarce training resources are usually prioritized elsewhere and there is frequently a fear of “over-empowering” operators, especially if they are unionized.

The NUMMI assumption that good human relations are the foundation of organizational success produces a system which treats employees as whole people:

- NUMMI manuals actually describe “personal touch” (PT) as part of everyone’s job. PT means being concerned for other people—in and out of the workplace. Group and Team Leaders are expected to know and respect individual team-members’ personal background and personal goals. Team-leader responsibilities include arranging social and outside events for the group such as picnics, parties, and pot-lucks on the line and a “PT” fund is provided to cover costs.
- The organization takes the view that it should be responsive to problems which impact team-members’ ability to be successful in the work environment. It will attempt to provide or facilitate creative solutions. For example, a change in shift hours was delayed for weeks while the company and union worked out solutions for production workers faced with transportation and childcare problems. In traditional environments, companies give the contractually required notice of an hours change—then use discipline to “solve” such individual difficulties.

The NUMMI assumption that the union is a partner and legitimate stakeholder in the organization changes the way in which day-to-day contract administration is conducted and extends the role of the Union to new areas:

- As in other UAW bargaining units, union stewards work full-time on their representative duties. But here, they do so on a team basis with their management staff counterparts. Stewards and staff are co-located in one major office space area and have desks and telephones next to each other. When problems occur, instead of adopting the usual approach in which each representative does an independent investigation, the practice at NUMMI is for the union and staff representative to conduct a joint fact-finding, both interviewing all the interested parties together, and, if possible, developing a resolution immediately rather than reducing the issue to writing and entering the formal grievance or disciplinary process.
- In an arrangement which was negotiated as part of the 1988 contract, the union is formally involved in the selection process for Team Leaders.
- In 1987, when sales of the Nova slowed, the Union took an initiative to present information about the

car at a local shopping mall. The company provided display models and team members manned a large area set aside in the mall, ran videotapes about the production system, and handed out information about the car and about the NUMMI system to members of the general public.

- In 1989, the Union took the initiative to conduct a series of public workshops about the NUMMI system in which team members presented their work and discussed the differences between their NUMMI and their GM experiences.

The NUMMI assumptions that quality must be the prime value in production and that everyone is responsible to contribute to quality through good process and active problem-solving, produce a relationship between employees and their work in which employees enjoy much greater control than usual:

- Since problems are regarded as opportunities to improve the system, employees know that need not hide, lie about, disguise or relocate them. They are expected to reveal problems and take action to resolve them, within the Team or through special problem-solving or troubleshooting groups. Examples of problem-solving in which employees have been involved include a three-month debate about washer-bottle design and fit issues in soft trim. In both cases, parts were re-designed as a result. In some instances, employees now meet with Toyota and its vendors to work out problems in advance.
- When employees fall behind or identify quality problems on the production line they can pull the *andon* cord to stop the production line and are expected to do so. Stopping the line results in immediate action to correct the situation and get the line moving again. Passing on defects by not stopping the line is unacceptable behavior in this system.
- Team members have the responsibility to engineer their own jobs. The words “standardization” and “*kaizen*” often alienate at first, but they embody values of learning, mastery, engagement and improvement which most Americans admire and respect in other contexts such as athletics. Examples of *kaizen* abound, from reductions in the number of steps taken to do in a job (in visor assembly, down from 19 to 10 steps; in front-door frame installation, down from 17 to 10) to changes in the way gloves are ordered and provided to team members. An important objective of *kaizen* is to “level” the workload by distributing it evenly so that all jobs involved about the same amount of effort.

## NUMMI and the Future

In recent months, NUMMI’s system has been the subject of renewed debate. Some critics note the elimination of multiple job classifications, the abolition of complex workrules, the implications of team structure and the working of just-in-time systems and accuse the organization of “managing by stress,” of having created an even more stressful environment for employees than the traditional manufacturing operation. Others say that NUMMI is not *truly* democratic because it has not really shared decision-making with employees. In their

view, 1,800 UAW members and their previously militant leadership have been co-opted.

For the most part these critics appear to have spent little, if any, time at NUMMI. The "managing by stress" theorists virtually ignore the cultural changes that have made the other changes both possible and positive. The "co-optation" theorists criticize NUMMI for failing to be truly democratic although that is something no one in management or the UAW ever said it would be. The two organizations have actually been careful to respect management's final obligation to manage and the union's final obligation to represent its members. Neither has co-opted the other.

Most NUMMI employees do not appear to believe they have been co-opted. Reports suggest they regard NUMMI neither as a "worker paradise" nor as a "worker hell." Under the best of circumstances, building cars is a difficult, stressful and physically demanding occupation. At NUMMI, there is open criticism of the work-pace, there is criticism of the absenteeism system, and there is criticism of managers who fail to live up to the NUMMI ideals. There is also a union faction opposed to the current leadership, but dedicated not to destroying the system but to ensuring management and the union "lives up to it."

The overarching impression is that NUMMI employees think they have enlisted in their own cause. Even the severest critics admit that NUMMI employees show an unusual degree of commitment to their organization and surveys report that NUMMI team members like the system, believe in the NUMMI philosophy and values; take pride in their work; and feel personally engaged and important at NUMMI. In these terms NUMMI has successfully achieved the status of a "high

commitment" human relations organization. The production results, by every standard measurement, speak for themselves.

*Sustaining* success at NUMMI will involve new challenges. NUMMI has already survived some critical passages, including the negotiation of two labor contracts and weathering the slump in Nova sales. As a recent *New York Times* article pointed out, however, this success has been in the context of major incentives for cooperation (especially the memory of the 1982 plant closure), production of a tested product, and the novelty of piloting a new (to the team members) human relations and production system. In the immediate future, NUMMI faces the challenges of producing a new and untested vehicle at the same quality levels as the Nova. As it moves into the 1990s, it must weather the transition from "novelty" status to "normalcy" status.

It is in making this transition that NUMMI may face its most difficult challenge. As noted early in this paper, people resist change and major organizational change is always difficult to implement, particularly when it depends on a change in culture. In the beginning stages, however, there are usually powerful motivations for the change and the organization pays a lot of attention to values, to implementing the changes effectively, and to supporting and reinforcing them. Later, as many studies have shown, the energy for change may diminish. The sense of urgency fades away, the level of attention given to sustaining the new behavior is reduced, achievements are prematurely taken for granted, and the new ways start to erode. The "old ways" gradually re-assert themselves. As NUMMI moves out of its organizational infancy to a state of organizational maturity its challenge will be to keep its new culture alive, to keep it operational, and thus to maintain its power as a model for other U.S. manufacturing operations and for American labor-management relations.

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