CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview Of This Study

In conclusion, I believe the objectives of this study have been met even though the ranking process was done only once. We have managed to identify the ten most important problems that need to be addressed by top management of TNB Generation. The scores on problems that were considered not important by the respondents were minimal as compared to the ten most important problems with high scores which were quite closed to each other. This survey has proved to be a very effective tool in identifying existing problems in TNB Generation. The fact that the respondents' identification were not required contributed substantially to their willingness to participate openly.

5.2 Interpretation And Discussions On Major Findings

The problems identified by the respondents are relevant to the progress of TNB Generation. However I would like to suggest on a more thorough investigation to be carried out on each of the problem before any suitable action can be taken. Below, I would like to provide some of my personal interpretations and recommendations based upon the experience of other organizations which can provide some insights in the course of solving these problems.
5.2.1 Poor Human Resource Management And Planning

The “Poor human resource management and planning” is the number one problem of TNB Generation as determined by the power station executives. Many respondents felt that our human resource management and planning was lacking. One of their main concerns was the slow filling up of vacant posts which resulted to a lot of problems in their workplace. As an end result, high overtime cost payment was incurred resulting to a higher operating costs in power stations. The recent right sizing exercise has incited fear and uncertainty among many uncomplemented staff and it was not known on what are the plans in store for them. The senior management should try to improve the human resource management and planning section since continuous lacking in this field may result to a major dissatisfaction among executives and other employees.

In a survey conducted in the United States recently human resource executives identified the major changes in their responsibilities and organizational relationships (Mondy and Noe III 1993: pp. 14-15). Their added responsibilities and organizational relationships are summarized as follows:

1. Greater emphasis and more time spent on human resource strategic planning and management succession planning.

2. More involvement in all aspects of the business. Today’s human resource managers must know more than “personnel”.

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3. A significant member of the management team. Top-level management have begun to realize the vital contributions of effective human resource management.

4. Key role as consultant to the CEO on organization and succession planning.

5. More emphasis on cost-related issues and cost control.

Hence the responsibilities of the human resources management managers and executives are more significant as TNB Generation is presently undergoing certain changes such as right sizing exercises and has became more complex than before. In fact the role of our human resource managers should not only be limited to filling up of vacancies but should include all-important areas such organizational development, succession planning, training and career development. All of these areas should be integrated into our business strategy for progress that will support our business plans.

However before the top management take any corrective actions on the problem of “Poor Human Resources Management And Planning”, I would like to recommend them to carry out a thorough investigations to determine:

1. What went wrong? Why HRM (Corporate And Generation) were taking a long time to fill up those vacancies existing in stations?

2. Was there a lack of communication between HRM (Generation) and HRM (Corporate)?

3. Can the Station Managers be empowered to fill up vacant posts in their stations in the future since the recent right sizing exercise has resulted to a number of staff became excess or surplus?
5.2.2 The Need For Managers With Good Leadership Qualities In HQ And Stations

From the result of this study, the second most important problem as determined by TNB Power Station Executives was the need for managers with good leadership qualities in TNB Generation Headquarters and Power Stations. According to the respondents there is a need for managers who are more committed in improving the organization and dedicated in striving to bring the organization into a new age.

The improvement or change process in TNB Generation must be embraced by managers in the Headquarters and the stations before the employees are exposed to it. Managers must demonstrate that they are willing and able to change before asking other employees to change. They need to show their leadership by changing the way they manage. The management of TNB Generation at HQ and station levels need to change from a single management style to a variable management style that meets the needs of the individual employee in the many different circumstances they are subjected to. This means giving up much of the power and control over to the employees to participate in the decisions that are relevant to their work.

In Chapter 18: Preparing For Industry Upheaval: Why Electric Utilities Must Reengineer written by Michael Weiner, Jeffrey Walker and Huard Smith in the book "The Privatization Of Public Utilities", the role of leadership was discussed at length. According to them, examining the leadership skills of the organization needs to happen early in the change program. One of the major sets of skills for the utility in the future as mentioned by them is leadership skills (Hyman 1995: pp. 206-207). According to them, the most difficult task will be the shifting from traditional "command and
control” management styles to leadership behaviors that allow employees to function more productively. When a company moves to a flatter structure, decisions will be pushed down the organization and employees will expect little supervision in the traditional sense. The experience of the authors can be used as guidance in leading TNB Generation. According to the general guidelines given by the authors, the skills that the senior management in most organizations e.g. TNB Generation SBU needs to possess to lead the organization out of the regulated, static past and into the deregulated, dynamic future are as below:

Setting and sustaining a compelling direction

The senior management in TNB Generation headquarters and the stations must be able to create and communicate a clear picture of how the marketplace is evolving and how the company plans to pursue its opportunities to all the employees. Leaders must drive, not delegate, the change process. From the authors’ experience, building effective partnerships with union leaders will also be a key task for the senior management if they are to be successful in implementing the reengineering of the organization and the stations.

Aligning people

This involves resolving all conflicts at the top and building coalitions among people who for years have been defending the turf.

Motivating and inspiring

The key tasks of our senior managers include expressing consistent direction, delegating critical outcomes to demonstrate trust, showing courage in making hard decisions, and asking questions.
Stabilizing and supporting

The senior managers in the TNB Generation and the stations will have to demonstrate their resolve in moving away from old business process to new ones. They will have to make fast fixes to troublesome areas.

Most managers do not really understand how their employees perceived them. To take advantage of the employee’s viewpoint, many organizations have established an upward appraisal system (Harrington 1995: p. 229). A good upward assessment procedures provides the employee a way to define what their manager needs to do further the employee’s development and their performance in their present assignment. These upward appraisals not only provide the valuable input to their managers on their strength and weaknesses, but also the relevant information about the employee’s needs and expectations.

5.2.3 Slow Decision Making Process By Management

The third most important problem identified by the respondent is “Slow Decision Making Process By Management”. The slowness of the decision making may be resulted by bureaucracies in the SBU or the decision making process in the power stations and Headquarters were long. The effectiveness of a decision depends greatly on timing (Juran 1995: p. 357). The relative costs of untimely decisions can be enormous. This problem of slowness may be tied up with the lack of empowerment given to stations. I believe such empowerment will expedite the decision making process. The issue of empowerment will be discussed at greater length in the later part of the discussions.
Decision making is a continuing process of identifying problems and opportunities and then choosing among alternative courses of action for dealing successfully with them (Schmerhorn 1994: pp. 532-541). Managers make many decisions in risky and uncertain environments where situations are ambiguous and the available information is limited. Intuition, judgment, and creativity are all critical. The basic goal is always to make a good decision, that is always high in quality, timely and both understandable and acceptable to those whose support is needed for implementation. One common mistake by many managers is presuming that they must solve the problems and make decisions by themselves. In practice, managers end-up making decisions in any or all the following ways.

1. Individual decisions- The manager makes the final decision alone based on information that he or she possesses and without participation of others.

2. Consultative decisions- The manager solicits inputs on the problem from other persons and basing on that information and interpretation, he makes the final choice.

3. Group decisions- The manager not only consults with others for information inputs but also asks them to participate in problem-solving discussions and making the final choice.

5.2.4 Unsatisfactory Salary, Reward And Performance Appraisal System

The problem of “Unsatisfactory Salary, Reward And Performance Appraisal System” was ranked as the fourth most important problem that needs to be address by the top management of TNB Generation. Respondents were not satisfied with the amount of salary the power station staff received from TNB as compared to the IPPs.
On the question of salary review, I do not wish to make any further comments since the problem of salary adjustment will be addressed in the collective bargaining process between the unions and TNB management which is supposed to start this year.

**Performance Appraisal System**

As addressed by the respondents earlier in Phase 1, the performance appraisal system adopted by our organization was unsatisfactory. The system was very subjective in nature and has led to a kind of personal evaluation.

Developing an effective performance appraisal (PA) is one of the most difficult task to do in any organization. It is quite common in organizations that employees are not satisfied with the performance appraisal. A survey of 290 organizations in US found widespread dissatisfaction with the PA system (Mondy 1993: pp. 394).

Performance Appraisal System is defined as a formal system of periodic review and evaluation of an individual’s performance (Mondy 1993: pp 394). Managers should keep in mind that the primary objective of the appraisal system is to improve the organization. A system that is properly designed and well communicated helps to achieve organizational objectives and motivates employee performance.

**What are the problems in our Performance Appraisal System?**

From my own personal observations, the problems in our PA system are as follows:

**Subjectivity And Lack Of Objectivity**

Certain factors imposed in our PA system are difficult to measure. Factors such as quality of jobs, relationship with bosses and colleagues, relationship with the public,
knowledge and etc. are difficult to quantify. As the result, some subjectivity will still exist in the appraisal system.

**Not A Continuous Process**

It is common to see that employees behavior and productivity improve several weeks before the schedule evaluation. It is quite natural for the appraiser to remember recent behavior and performance of employees than events that were far in the past. If the PA is done as a continuous process e.g. monthly or quarterly and the final standing is based on the cumulative score, then such system can be effective and its objectives can be realized.

**Personal Bias**

It is quite common for an appraiser to inflate the PA score of his subordinates to indicate that his section is well managed and he is a good boss. There are also biases related to other factors such as friendship, relationship and comparing the scores given by other appraisers in the same section or others.

**Lack Of Information**

There are also cases of inflated or lowered scores as the result of lack of information on the employees performance. Certain set standards such as efficiency and availability of generating plants are beyond the control of the employees and are difficult to quantify.

**Leniency Or Strictness**

Evaluations will be inflated if appraiser is required to discuss ratings with the appraisee (Mondy 1993 :p. 415). This is done due the appraiser’s desire to avoid controversy over the appraisal and also to gain better responsiveness and loyalty from the appraisee.
in the future. Others may evaluate their subordinates with strictness to show the PA standards in their sections are higher. The other reason for inflated score given by the appraiser is trying not to jeopardize the appraisee’s career since the eligibility for promotion can only be considered by HRM if his or her PA score is 4 or higher.

**No Consistency**

There are many appraisers in every section in the power stations resulting to a lack of consistency in the PA system. Other problem that arises from the previous PA exercise was the inconsistency between stations. The average scores of all stations differed among each other resulting to top performers in some stations being deprived of the maximum bonus or reward. Their top rating of 5 was equivalent to only 4 in other stations. Some methods have to be developed to maintain consistency of PA scores in all stations.

**Suggestions on ways the PA system can to be effective**

Here are some suggestions on ways that can be adopted to improve our PA system.

**Setting Quantitative Standards For Controllable Subjects**

Performance appraisal is the process of determining whether the results are up to standards. Performance standards define what are the essential results to be achieved and the means of determining whether the results have in fact been achieved (Juran 1995: p. 270). Here are examples of some quantitative standards that can be set in our PA system.

a. Safety standards based on accident rates

b. Standards based on the number of complaints.

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c. Maintenance standards based on labor cost, time spent on each work, number of jobs being carried out annually, responsiveness towards standby calls, meeting overhaul targets and number of preventive maintenance done.

d. Operation standards such as the number of defects raised, the number of patrols done, the number of OJT modules done, the number of training attended in IKATAN, the number of hours taken from start-up to the synchronization of unit, the number of tripping as the result of human errors and etc.

Performance Expectations

Managers must clearly explain the performance expectations to their subordinates in advance of the appraisal system. Objective standards stated above should be set and defined in understandable terms and must be well communicated to the employees.

Treat PA As A Continuous Process

The appraisal system must be treated as a continuous process and the annual score must be a cumulative one.

Maintain Consistency By Reducing Number Of Appraisers And Reviewers

The number of appraisers and reviewers must be reduced in order to maintain consistency in the standard of the PA scores.

Open Communication

The employees should be inform regularly on how well they are performing.

5.2.5 Lack Of Commitment Of Managers And Employees

The "Lack Of Commitment Of Managers And Employees" was ranked as the fifth most important problem by the respondents. The respondents felt there was no change in the level of commitment since LLN was corporatised to TNB. In order to
improve the level of commitment of managers and employees, our senior management should understand the existing culture and identify areas that are barriers to the change.

One way to increase the level of commitment is to provide an employee handbook to all employees. This book will provide the employees the expectations of managers on them. A well designed and well written employee handbook should convey such information as (De Cenzo 1994: pp. 553-554):

What the company expects of its employees
What the employees can expect of the company
What the company’s mission is
What are the company’s HRM policies regarding salary, benefits, working conditions, personnel actions (e.g. promotions, discipline)
What is the company’s history
Why individuals would work for the company

Beside just being a source of information, employee handbook was found to assist in creating atmosphere in which employees become more productive members of the organization, and increase their commitment and loyalty to the organization (De Cenzo 1995: p. 554).

5.2.6 Lack Of Empowerment Given To Stations

The sixth most important problem identified by the respondents is the “Lack of empowerment given to stations”. They felt that this problem has contributed to a lot of delays in the decision making processes involving activities such as procurement,
human resources management etc. The stations have become very much dependent on
our headquarters on most aspects.

Since the degree of authority to make decisions is restricted to higher levels of
management in our headquarters, the degree of centralization in TNB Generation is
higher. Decentralization will involve delegating the authority to make decisions to the
station levels. Greater decentralization provides higher subordinate satisfaction and a

In order for the empowerment to be successful, our senior management in
headquarters should provide the station managers with all the required information,
knowledge and resources that are needed to perform their assignments and allow them
to execute their assignment in any way necessary to achieve the desired results, as long
as it is done in accordance with the organization values. The station managers will
have a greater responsibilities to exercise good judgment while having an increased
authority to expend more of the organization resources. They must be accountable for
their decisions or judgments.

5.2.7 Too Many Restructuring Exercises And Right Sizing Causing Problems

The seventh most important problem as ranked by the respondent is “Too
Many Restructuring Exercises And Right Sizing Causing Problems”. They claimed
that the workload of their subordinates has increased due to shortage of manpower.
Many of them mentioned that the management was only concerned with statistics and
not effectiveness.

From my observations, even though stations have cut down the number of staff
during the right sizing exercises, the amount of operating costs are still high as the
results of the employment of contract workers to assist the remaining staff and certain jobs are being contracted out. There are also sign of dissatisfaction and uncertainty from those who are now considered as excess staff or those without job complement.

In order to understand what are the problems resulting from the right sizing exercises, the station management should try to get feedback from the front line engineers and chargemans on whether they have adequate manpower to cope with the daily works and other plant problems that arise from time to time. On the problem of excess staff, both the HRM(Generation) and HRM(Corporation) should come up with a plan on where they are to be posted.

5.2.8 Direction Not Clear From Headquarters

The above problem was ranked the eight most important problem. According to the respondents, the direction from headquarters was not clear since policies kept changing and the structures could not be finalized. In order to solve this problem, it is best that the direction be communicated to the employees through the business plans.

The principle role of top management is to set the direction for the organization (Harrington 1995: p. 91). The outputs that are commonly used to provide direction in an organization are:

a. Mission and vision of the organization.

b. Values. These values or basic principles to be developed by the top management.

c. Strategic focus. These are key areas that differentiate the organization from its competitors.

e. Critical Success Factors. These are identified problem areas in the organization that need to be improve or overcome in order to meet the vision statements.
The top management of TNB Generation has formulated the SBU's vision and mission statements, objectives and goals and strategies required to be implemented to attain those goals and was circulated to all power stations in October, 1993. In order to maintain a clear direction, it is best that the business plans are to be communicated efficiently to all the employees. I have came across one organization in Malaysia which organized an annual event on the briefing of business plans by the General Manager to all the employees. A yearly business plan booklet which described the organization's mission and vision statements, the strategies adopted, the year's economic targets and the organization's expectations of the employees, was being distributed to all employees. Through such an event the direction of the company is being well communicated to the employees and confusion about the company's direction can be avoided.

5.2.9 Poor Implementation Of Strategies To Achieve Goals

Once our business plans have been developed, a set of strategies must be decided to allow the organization to achieve its targets and objectives. Strategies are defined as specific programs, initiatives, and decisions which will require resources allocated to them (Harrington 1995: p. 97).

Successful implementation of strategies depends upon the cooperation of all functional and divisional managers in an organization (David 1995:p. 293). Less than 10 percent of strategies formulated are successfully implemented (David 1995: p. 274). In some situations, individuals may not have participated in the strategy formulation process at all and may not appreciate, understand, or even accept the work and thought that went into strategy formulation (David 1995: p 274). I believe
that those strategies can be successfully implemented if all managers and employees
give their full support and cooperation.

5.2.10 **Inefficient Flow Of Information And Lack Of Communication**

The last problem that falls in the top ten most important problems category is
the "Inefficient Flow Of Information and Lack Of Communication". Respondents
claimed that staff were not being brief on plans and changes that were going to be
made resulting to staff receiving unclear and confusing information.

Communication programs are designed to keep employees abreast of what is
happening in the organization, and knowledgeable of the policies and procedures
affecting them (De Cenzo 1994: p. 550). Communication programs also serve as a
basis for increasing employee loyalty and commitment. By building into our corporate
culture a systematic means through which information is free flowing, timely, and
accurate, employees are able to perceive that the organization values them. Such a
system builds trust and openness among organizational members.

For example, at Georgia Power Company, company executives were able to
use communications effectively to stave off any further deterioration of the company's
operation (De Cenzo 1994: p. 550). During the late 1980s, this company was having
several crises such as profitability and customer service. Georgia Power Company
decided to resolve that issue by empowering its nine communications department to
get employees to be motivated to achieve the company’s objectives. One of the
program implemented involved calling employees at home to determine whether they
knew the carport’s goals. Those who knew were rewarded. Various other
communication programs were implemented and by early 1990s, Georgia Power
Company's employees had turned around the company while simultaneously indicating high morale among them.

Another communication program that is used by an organization in Malaysia is the briefing of its Business Plan to the employees by its top management. A booklet which contains information on its mission, vision, goals and targets for each department together with its strategies and programs is being distributed to all the employees.

I believe that if such communication programs are to be implemented in TNB Generation, the results will be outstanding.

5.3 Contributions Of This Study

From this study, the ten most important problems of TNB Generation as perceived by the power station executives have been identified. This study has provided relevant information to the top management of TNB Generation on what are the problem areas that need to be looked into. This study has also provided the top management with the opportunities to discuss employee concerns with the hope that some actions will be taken in the future to resolve these problems.

5.4 Recommendations For Future Research

I would like to suggest that a thorough research be carried out on each of the ten most important problems in the future before taking corrective actions to remedy them.