

# Chapter 1

## INTRODUCTION

### 1.1 Purpose and objectives of the study

The purpose of this study is to measure the effects of organisational changes in a manufacturing firm undergoing organisational changes. The effects here referred to the degree of institutionalisation, which is the degree of persistence of organisational changes over time (Cummings and Worley, 2001, pp.186), achieved by the company after over two years of change initiatives implementation.

The objectives of this study are as follows,

- i. To study the theoretical aspect of changes initiatives by the company which include the philosophy, its benefits and paradigm.
- ii. To investigate the implementation of changes initiatives in the company by looking into its application of changes against the theoretical aspect of the changes.
- iii. To calibrate the implementation of changes via Mohd Yusof Omar's Institutionalisation framework.
- iv. To develop corrective action plan targeting at the shortcomings via Cummings intervention model.

### 1.2 Research questions

This study seeks to answer the following research questions,

- i. What are the changes initiatives theoretical contents e.g. the philosophy, its benefits and paradigm?
- ii. How do the company implement its changes based on the theoretical contents of the changes initiatives?
- iii. What are the results of implementation, as being perceived by its organisation members?

- iv. What need to be done to correct the shortcoming of the changes initiatives?

### **1.3 Scope of the study**

This study covers only one organisation, LRC Hospital Products Sdn Bhd, which by the time of study was in merger process with a local company for over two years. The study specifically focused at measuring the effects of its organisational changes by mean of measuring its level of institutionalisation based on feedback and evaluation of its employees. The measuring tools are developed based on Cummings and Worley's institutionalisation framework (Cummings and Worley, 2001, pp.189).

### **1.4 Limitations of the study**

This study is merely focused on one of the organisation's branch. The organisation's operations HQ and 2 other branches were not taken into considerations. Since all the four units are operating under the same umbrella with the same missions, producing the same products and governed by the same policies, the level of inter-relatedness, similarity and culture is likely to be highly connected. Some of the departments are even sharing resources and the HQ is having high authority and influence especially in the functions of finance, human resources and quality assurance (QA).

Majority of the respondents is operators with SRP/ PMR educational level. They are facing difficulties in understanding the questionnaires even with close and detail explanation by the researcher. Over simplify explanation might bias the respondents or reduce the accuracy of answers given.

This study is also far from proving the effectiveness of institutionalisation framework in measuring degree of persistence of organisational changes resulting from OD intervention as it is only measuring one organisation. Further studies covering various organisations are definitely needed to further proving the effectiveness of the model.

### **1.5 Background of company**

The case of this study, LRC Hospital Products Sdn Bhd (Selangor D.E. Branch) was established on 01 August 2000. It was formed through the

purchase of assets owned by AMPri Rubberware Industries Sdn Bhd (established in year 1986 by a local entrepreneur), a local SMI involved in latex gloves manufacturing and marketing businesses, by a UK based MNC, SSL International PLC.

The prime activity of this company is producing latex gloves for medical use. The holding company, SSL International PLC also owned three other plants at Kedah D.A., producing latex gloves. One of the plant in Kedah D.A. act as headquarter for surgical gloves manufacturing operations, overseeing all the plants involving manufacturing of latex surgical gloves in Malaysia. The current manpower of Selangor D.E. plant numbered 170. The annual turnover is approximately RM20 million. The products are 100% exported to SSL group worldwide commercial/ marketing units for further distribution to end customers.

SSL is producing and marketing various popular healthcare, personal protection and over-the-counter (OTC) products with brands like Regent Biogel surgical and examination gloves, Durex condoms, Scholl footwear and foot care products, Hibi antiseptics products, Marigold industrial and household latex gloves, and many more. Regent Biogel surgical gloves produced by the three plants in Kedah D.A. and Selangor D.E., is one of the popular brands within the group. The worldwide sales increase by approximately 5% yearly (SSL Annual Report, 2002). The brand is also the market leader for surgical gloves segment in UK and Eire as well as continental Europe. It has also recently achieved the market leader position in dollar terms in US surgical gloves segment by conquering 33% of market share in year 2002 (SSL Newline, 2002). Being part of SSL group, LRC Hospital Products Sdn Bhd (Selangor Branch) is supplying approximately 15% of its overall Regent Biogel gloves demand worldwide.

Majority of manpower in the plant was transferred directly from the previous company except for minor senior management positions, which were transferred directly from its Biogel Surgical Gloves main plant in Kedah D.A.

#### **1.5.1 Change initiatives by LRC Hospital Products Sdn Bhd**

Immediate after the take over, changes programs were initiated to inject new practice and value systems into the organisation based on the

model practised in its main plant in Kedah D.A., which has already in operations for 10 years. The three major change initiatives introduced throughout the organisation were as follows,

- i. Formulating local objectives based on 'Balanced Scorecard' model. The formulation process involves management team members only. 'New management team' was formed to monitor the plant performance based on 'Balanced Scorecard'.
- ii. Enforcement of strict 'Good Manufacturing Practices (GMP)' plant wide in compliance to strict medical devices manufacturing practices. Company wide training/ orientation involving employees transferred from previous company was conducted to assist them familiarise with new practices. Job related training plant wide for each specific work areas assisting employees familiarise with new operating systems or procedures.
- iii. Introduction, training and implementation of stringent environmental, safety and health systems in accordance to ISO14001 standards.

## 1.6 Organisation of the study

This study is organised and presented in five major chapters as follows,

- i. **Introduction Chapter.** This chapter covers the purpose and significance of the study, research questions, the scope of study, the limitations, as well as the organisation of the study.
- ii. **Literature Review Chapter.** This chapter covers the review of related and relevant literature in organisational changes, particularly the area of organisational institutionalisation.
- iii. **Research Methodology Chapter.** This chapter covers research hypothesis, measurement, sampling design, data collection procedure and data analysis techniques employed in the study.
- iv. **Research Results Chapter.** This chapter covers the results of analysis, which include summary of statistical analysis, testing of the hypothesis, analysis of measures as well as overall summary of research results.

- v. **Conclusion and Recommendations Chapter.** This chapter covers overall summary and conclusions of the study, suggestions for additional research and the study's implications towards future's research in the area.