

## **Chapter 4**

### **RESEARCH FINDINGS**

#### **4.1 Demographic profile of respondents**

120 employees were selected from the total population of 170 to be the respondents of the studies. They are consists of 37 employees holding controller/ leader position and above, which is representing 100% of total population of the category. The balance 143 respondents were selected among clerical, technician and operators. All the selected respondents were having minimum academic qualification at SRP/PMR level.

Table 1 shows general demographic profile of this study. For item 'years of service', generally most of the respondents were directly transferred from their ex-company, so, they were only servicing the company for two years at the point data was collected. The seven employees servicing for more than 6 years were transferred from the company's main plant in Kedah D. A.

#### **4.2 Data Analysis**

##### **4.2.1 Determining the reliability of data – reliability analysis**

Reliability analysis was conducted to determine the degree of consistency of the study's results. Reliability is the degree to which measures are free from error and therefore yield consistent results. The method used in this study is internal consistency measure, which is assessing the homogeneity of a set of items. Cronbach's Coefficient Alpha is the tool employed in this study to measure the reliability scales. It determines the mean reliability coefficient for all possible ways of splitting a set of items in half. This coefficient varies from 0 to 1, and a value of 0.6 or less generally indicates unsatisfactory internal consistency reliability. Nunnally suggested that, for a set of items to be accepted as having satisfactory internal

consistency reliability, the coefficient alpha should be greater than 0.5 (Nunnally, 1967).

**Table 1: Demographic Profile of Respondents**

	Frequency	%	Valid %	Cum. %
<b><u>A. POSITION</u></b>				
Managerial	6.00	5.00	5.00	5.00
Supervisory	12.00	10.00	10.00	15.00
Controller/ Leader	19.00	15.83	15.83	30.83
Clerical	6.00	5.00	5.00	35.83
Technician	31.00	25.83	25.83	61.67
Operator	46.00	38.33	38.33	100.00
<b>Total</b>	<b>120.00</b>	<b>100.00</b>	<b>100.00</b>	
<b><u>B. DEPARTMENT</u></b>				
Manufacturing	71.00	59.17	59.17	59.17
Quality Assurance	17.00	14.17	14.17	73.33
Engineering	13.00	10.83	10.83	84.17
Finance & Admin	6.00	5.00	5.00	89.17
Human Resource	6.00	5.00	5.00	94.17
Logistics & Purchasing	7.00	5.83	5.83	100.00
<b>Total</b>	<b>120.00</b>	<b>100.00</b>	<b>100.00</b>	
<b><u>C. GENDER</u></b>				
Male	85.00	70.83	70.83	70.83
Female	35.00	29.17	29.17	100.00
<b>Total</b>	<b>120.00</b>	<b>100.00</b>	<b>100.00</b>	
<b><u>D. YEARS OF SERVICE</u></b>				
<1yr	14.00	11.67	11.67	11.67
1-5yrs	99.00	82.50	82.50	94.17
6-10yrs	5.00	4.17	4.17	98.33
11-20yrs	2.00	1.67	1.67	100.00
<b>Total</b>	<b>120.00</b>	<b>100.00</b>	<b>100.00</b>	

The following SPSS 11.0 output shows the results of reliability analysis run through all the 47 items. The alpha is 0.9158, which is fulfilling the requirement of coefficient alpha 0.50 internal consistency suggested by Nunnally. Therefore, we may conclude that the items are accepted with satisfactory internal consistency reliability.

RELIABILITY ANALYSIS -  
SCALE (ALPHA)

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* * * O14      has zero variance
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N of Cases = 120.0

Item	Means	Mean	Minimum	Maximum	Range	Max/Min
Variance		3.2268	1.8083	6.1667	4.3583	3.4101
1.5996						

Reliability Coefficients 46 items

Alpha = .9158                      Standardized item alpha = .9139

#### 4.2.2 Analysis of institutionalisation framework's scores

i. Institutionalisation level analysis

This part of analysis is based on the 'Institutionalisation Framework'. Out of 35 items measured across the four dimensions of the framework, only two items are having satisfactory min scores, which is above neutral score of '4'. None of the satisfactory scores items fall under the dimension of 'Indicators of Institutionalisation' and 'Intervention Characteristics'. The details of score can be seen in Appendix 16. Table 2 shows the summary of items distributions with pre-defined satisfactory levels.

**Table 2: Means Distribution for Scores at 'Satisfactory', 'Neutral' and 'Unsatisfactory' Level**

<b>Means:</b>	<b>Number of items:</b>	<b>Remarks:</b>
Satisfactory (Above '4')	2	One from 'organisational characteristics' dimension and one from 'institutionalisation processes' dimension
Unsatisfactory (Below '4')	33	

For this study, we define items with mean score above '4' as satisfactory, meaning respondents are agreeing with that item and hence contributing to the successfulness of institutionalising OD intervention. If the items are carrying mean score below '4', we define them as unsatisfactory, with the reverse meaning as above.

Therefore, we may conclude that the institutionalisation achievement in LRC after over two years of change initiatives is still unsatisfactory or the programs implemented are generally not successful.

A general indicator of overall means scores for each dimension and sub-dimensions are presented in table 3. It is clearly noted that all the overall mean scores for dimensions in the framework are at unsatisfactory level. Except for 'Organisational Characteristics' dimension (3.36), the rest of the dimensions fall below 3.0, which is extremely critical. For sub-dimensions' scores, all fall under unsatisfactory level except for 'Stability of environment & technology' and 'Sensing & calibration'. This again, proved that the organisation is having failure in its Organisational changes after two years of implementation and this is very obviously reflected in its 'indicators of Institutionalisation' dimension and all the sub-dimension under the dimension where the mean scores are at extremely low level.

- **Congruence**

The two items under this sub-dimension are scoring below 3.00, with percentage of disagreement above 75%, and firm disagreement above 50%. This gives the signal that the improvement initiative by the company



is not in the agreement with the organisation's overall managerial philosophy, strategy and structure. The improvement initiatives are also not in harmony with the other changes taking place in the company.

- **Stability of environment and technology**

95% of the respondents agree (22% firmly agreed) that the improvement initiatives are done in a stable environment, with mean score at '5.16'. However, 75% felt that the changes are not dealt directly by the change program. This indicates that the company is operating in a stable environment but unfortunately proper change programs are not in place to deal with the changes.

- **Goal specificity**

The two items under this sub-dimension are scoring below 3.00 with level of disagreement above 90%. This shows that there is no specificity of goals in this company and the goals are not directing the socialising activities such as training and orientation. Worth noting also, there is 71% firm disagreement that the improvement initiative goals are directly linking new behaviours with rewards. This indicates that effective reward systems are seriously in absence.

- **Programmability**

Both items are scoring below 3.50. 50% of respondents felt that the improvement initiatives do not target at looking into the company's strategic intent. 93% disagree (70% strongly disagree) that the target of the improvement initiative strategy is employee involvement and improving interpersonal and group processes like team building and conflict management. This shows that attempts to re-evaluate company's strategic intent and vision are seriously absence and there is also no attempt to promote employee involvement and improving interpersonal and group processes.

- **Level of change target**

The two items are scoring 3.14 and 2.73 respectively. 60% of respondents disagree that the change initiative is targeting at total organisation rather than a department or small workgroup. 78% disagree (50% strongly disagree) there is promotion of consensus across the organisation. These

indicate that the change program is not targeting at the overall organisation where there is obvious weaknesses in consensus promotion across the organisation. This will definitely reduce the diffusion of the intervention and lower its ability to impact organisation effectiveness.

- **Internal support**

95% of the respondents (mean score 2.51) perceive that there is no effective internal support system to guide the change process. Since the company has not been engaging any external consultant to bring expertise and train members on design and implementation of design, the score is naturally at 1.00.

- **Sponsorship**

The respondents are neutral (mean score 3.98) about the existence of powerful sponsor who initiates, allocates, legitimises and controls the appropriate resources for improvement initiatives. 56% disagree (46% strongly disagree) that the middle managers support the improvement initiatives. These gives the signals that middle managers do not give sufficient support to the improvement initiatives.

- **Socialisation**

Over 60% of respondents felt that there is no considerable learning and experimentation on the job and there is no continual process of socialisation and promotion of persistence about the change program.

- **Commitment**

Commitment is at the very low level with mean score of 2.64 and 2.47 for the two items. Over 85% of respondents perceive that there is no commitment towards the improvement initiative from employees across the organisation and change is not a constant agenda in the management. Lack of commitment will hinder the involvement of employees in change initiatives and hence hard to achieve successfulness.

- **Reward allocation**

Scores for this dimension are at the extremely low level. 97% of respondents disagree (72% strongly disagree) that the improvement initiatives provide opportunities for development and accomplishment. Almost 100% (mean score 1.81) disagree that the reward systems is

constantly revised to maintain a high level of desired behaviours. This gives the signal that there is no link between rewards and new behaviours required.

- **Diffusion**

Above 90% of respondents disagree that there is a wide organisational acceptance towards the new ways of working (NWsW), and the NWsW is complementing the organisational values and norms. Both items are scoring below 2.5. This could be due to the lack of understanding about the NWsW promoted by the company.

- **Sensing and calibration**

Majority of the respondents (86%) agree that there are continuous assessments conducted in the form of internal audit (mean score 5.28). However, equal number of respondents disagree that the variation in performances/ preferences/ norms and values are corrected (mean score 2.87). This indicates that sensing and calibration system is in place but the company is relatively weak in feedback implementation, which hold the continuous improvement of an organisation.

- **Knowledge**

Above 90% of the respondents disagree that organisation members have knowledge of the NWsW and behaviours associated with the improvement initiative and organisation members have knowledge to perform the NWsW, with mean scores at 2.56 and 2.23 respectively. This clearly shows that overall organisation members are having insufficient knowledge for the changes and this is probably due to lack of proper training.

- **Performance and preferences**

Above 90% respondents disagree that the vast majority of the members are performing the NWsW, NWsW have assisted them in understanding the business better and NWsW has facilitated their work, with mean scores at 2.27, 2.10 and 2.04 respectively. The results have strong connection with the low scores of organisation members' knowledge about NWsW. Without proper knowledge; it is hard for the members to appreciate and making use of NWsW to facilitate their works.

**Table 3: Overall Mean Scores for Institutionalisation Framework  
Dimensions**

No	Question	Mean
1	<b>A. ORGANISATIONAL CHARACTERISTICS</b>	
	i. Congruence	2.68
	ii. Stability of environment & technology	4.04
	<b>OVERALL MEAN SCORE FOR OC</b>	<b>3.36</b>
2	<b>B. INTERVENTION CHARACTERISTICS</b>	
	i. Goal specificity	2.42
	ii. Programmability	2.81
	iii. Level of change target	2.93
	iv. Internal support	1.90
	v. Sponsorship	3.69
	<b>OVERALL MEAN SCORE FOR IC</b>	<b>2.75</b>
3	<b>C. INSTITUTIONALISATION PROCESSES</b>	
	i. Socialisation	3.00
	ii. Commitment	2.55
	iii. Reward allocation	2.06
	iv. Diffusion	2.22
	v. Sensing & calibration	4.07
	<b>OVERALL MEAN SCORE FOR IP</b>	<b>2.78</b>
4	<b>D. INDICATORS OF INSTITUTIONALISATION</b>	
	i. Knowledge	2.39
	ii. Performance	2.27
	iii. Preferences	2.07
	iv. Normative consensus	2.19
	v. Value consensus	2.70
	<b>OVERALL MEAN SCORE FOR II</b>	<b>2.32</b>

- Normative consensus

Some 80% of respondents strongly disagree that the organisational changes are in line with the business requirements. This could possibly be due to lack of understanding about the changes that are taking place, making them unable to appreciate the underlying meaning of the changes.

- **Value consensus**

Above 70% of the respondents disagree that the changes has promoted the concept of internal customer service (mean score 2.73) as well as external customer service (mean score 2.78). However, they are quite neutral about the existence of a complete customer complaint handling system (mean score 3.5), with 19% strongly disagreed and 53% neutrally perceived. Above 95% of respondents perceived (over 70% strongly perceived) that the change has not been promoting the concept of teamwork, cohesiveness and continuous learning.

These indicate that there is no proper promotion of concept of customer service, teamwork, cohesiveness and continuous learning in the company, which are crucial to the institutionalisation process.

**ii. Divisional Performance Analysis**

Seven out of twelve items are having satisfactory score with mean score of 4.5 and above. The list of scores is presented in table 4.

The result shows two extreme groups. Items 38, 39, 41, 42, 44, 48 and 49 are gaining high mean scores (above 4.50), while items 40, 43, 45, 46 and 47 are gaining low mean scores (below 3.50). The two groups can be differentiated by the element of controls.

Group with higher scores is generally consists items uncontrollable by local management team, while group with lower scores are consisting items under local management control. This is clear in items like market share, profit growth, sales growth, company image and customer satisfaction, where almost 100% of respondents perceived that the company is achieving outstanding results, with mean scores of 6.00 and above.

**Table 4: Divisional Performance Mean Scores**

No.		N	Min	Max	Mean	Not satisfactory	Slightly not satisfactory	Neutral	Slightly outstanding	Outstanding
						Percentage (%)				
	<b><u>Divisional Performance</u></b>									
38	Market share	120	6	7	<b>6.17</b>	-	-	-	-	100
39	Profit growth	120	5	6	<b>5.90</b>	-	-	-	10	90
40	Labour productivity	120	2	4	<b>3.08</b>	8	78	15	-	-
41	Return on sales	120	4	6	<b>4.53</b>	-	-	53	43	5
42	Return on investment	120	4	6	<b>4.53</b>	-	-	53	43	5
43	Development of new products	120	2	3	<b>2.18</b>	82	18	-	-	-
44	Sales growth	120	6	7	<b>6.10</b>	-	-	-	-	100
45	Capacity Utilization	120	2	4	<b>3.24</b>	10	56	34	-	-
46	Cost control	120	2	4	<b>3.06</b>	17	59	23	-	-
47	Personnel development	120	2	5	<b>3.17</b>	30	39	15	16	-
48	Company image	120	6	7	<b>6.15</b>	-	-	-	-	100
49	Customer satisfaction	120	5	7	<b>6.03</b>	-	-	-	5	95

These elements are mainly contributed by the strong presence of its parent company in international healthcare products market. The product brands are already having high reputation in international market and being

market leader in several large high end premium markets world wide maintaining premium product and company image for long. Strong marketing network with worldwide coverage also contributed to the high scores of these items.

However, most items involving local controls like plant capacity utilisation, personnel development, labour productivity and cost control are having unsatisfactory scores, with over 65% respondents giving unsatisfactory ranking to the items. This shows the ineffectiveness of internal/ local management controls. This issue needs to be addressed, as the company cannot solely depend on its existing strengths, which are mainly contributed by external parties. This privilege will not sustain in long term as eventually the internal weaknesses will contribute to low profit margin, hence making the unit less profitable compared to the group's other subsidiaries. Eventually the unit's ability to win over new contracts among the three plants in Malaysia will also reduced.

#### **4.2.3 Analysis of position against statements/ items in institutionalisation framework**

ANOVA test was run to detect significance difference between position and all the statements/ items in the framework. Hypothesis set for the test as follows,

**H1<sub>0</sub>:** There are no differences in perception among employees of different positions ('managerial', 'clerical & controller' and 'Technician & operators') with regards to items in institutionalisation framework.

Statistically expressed, H1<sub>0</sub> is:  $\mu_1 = \mu_2 = \mu_3$

Where  $\mu_1$ ,  $\mu_2$  and  $\mu_3$  signify the means on respondents' perception towards items in institutionalisation framework among different employees groups based on their position respectively.

**H1<sub>1</sub>:** There are differences in perception among employees of different positions (managerial, clerical & controller, Technician & operators) with regards to items in institutionalisation framework.

Statistically expressed, H1<sub>1</sub> is:  $\mu_1 \neq \mu_2 \neq \mu_3$

Full set of SPSS ANOVA test result can be seen in appendix 17. For items 2, 4, 7, 9, 11, 15, 16, 17, 22, 26, 32 and 35, we reject H1<sub>0</sub> and accept H1<sub>1</sub>, which means there are significance differences in perception among employees of different positions in these items. The details are presented in table 5. All the items are significance at 0.001.

Also noted is that all the items under divisional performance are having insignificance differences in perception among employees of different positions. Report on cross tabulation between level of agreement and positions are shown in appendix 18.

- **Congruence (Q2):** The improvement initiative is in harmony with the other changes taking place in the organisation.  
There are strong differences in opinion between the groups in this item. 28% of employees at 'managerial' position disagree/ strongly disagree with this statement, while 32% and 61% of employees at 'clerical & controller' and 'technician & operators' level disagree/ strongly disagree respectively. This shows that the lower position employees tend to have stronger disagreement compared to higher position employees about the harmony level of improvement initiative with the other changes taking place in the organisation.
- **Stability of environment and technology (Q4):** The changes are dealt with directly by the change program.  
Differences in opinion are also detected between 'managerial' and 'technician & operators'. Some 5.6% of the respondents at 'managerial' level disagree/ strongly disagree that the changes are dealt with directly by the change program but 44% of the respondents at 'technician & operators' level disagree/ strongly disagree with the statement.



- **Goal specificity (Q7):** The improvement initiative goals direct socialising such as training.

There is no respondents from 'managerial' level detected for disagreeing/ strongly disagreeing on the statement, but 40% and 64% of employees from 'clerical & controller' and 'technician & operators' respectively have disagreement/ strong disagreement towards the statement.

- **Programmability (Q9):** One of the improvement initiative targets is looking into strategic intent for example re-evaluating vision and external relationship.

There is no disagreement detected among 'managerial' employees, but over 90% are slightly agreeing/ agreeing with the statement. On the other hand, 46.8% of respondents from 'technician & operators' are disagreeing/ strongly disagreeing with the statement, while over 70% of 'clerical & controller' level remain neutral. This could be due to lack of understanding among lower level staffs about the change initiative.

- **Level of change target (Q11):** The target change is the total organisational/ department/ section/ group.

67% of respondents from 'managerial' level are slightly agreeing that the target of change is towards total organisation, with none is detected for disagreeing/ strongly disagreeing. On the other hand, 56% of 'technician & operators' are disagreeing/ strongly disagreeing on the statement, with only 1.3% slightly agreeing.

- **Sponsorship (Q15):** There is a powerful sponsor who initiates allocates, legitimises and controls the appropriate resources for improvement initiatives.

100% of 'managerial' employees are either slightly agree, agree or strongly agree with the statement, while 20% and 42% of 'clerical & controller' and 'technician & operators' respectively are slightly disagree/ disagree with the statement. 44% and 57% of 'clerical & controller' and 'technician & operators' remain neutral on the statement. This could be due to insufficient knowledge among lower level employees on the functioning/ structure of the company.

- Sponsorship (Q16):** The middle managers support the improvement initiatives.  
 100% and 76% of 'managerial' and 'clerical & controller' are agreeing on the statement, but 82% of 'technician & operators' disagreed. This shows that employees at lower level perceive that the middle managers did not support the improvement initiatives, while the middle managers themselves perceive positively towards their own support.
- Socialisation (Q17):** There is considerable learning and experimentation on the job.  
 44% of 'managerial' employees are agreeing on the statement, but 44% and 73% of 'clerical & controller' and 'technician & operators' respectively are disagreeing. Only 24% of 'clerical & controller', and less than 8% of 'technician & operators' agreed on the statement. This means that the lower level employees perceive that there is no learning and experimentation on the job.
- Sensing and calibration (Q26):** Variation in performances/ preferences/ norms and values are corrected.  
 17% of 'managerial' employees agree that the variations are corrected but none in 'clerical & controller' and 'technician & operators' agreed. On the disagreement, 67% of 'managerial' disagree but as high as 88% of 'clerical & controller' and 'technician & operators' disagreed. This again shows that lower level employees tend to see that the variations are not being corrected.
- Normative consensus (Q32):** The organisational changes are in line with the business requirements.  
 50% of 'managerial' employee disagree/ strongly disagree that the organisational changes are in line with the business requirements, while over 80% of 'clerical & controller' and 'technician & operators' disagree with the statement. High percentage of disagreement among lower level employees could be due to lack of understanding about the contents of changes and even the business requirements.
- Value consensus (Q35):** There is an effective customer complaint handling system.

None of 'clerical & controller' and 'technician & operators' agree that there is an effective customer complaint handling system, but 28% of 'managerial' employees agree on that. As for the disagreement, about half of 'technician & operators' disagree, compared to only 28% of 'managerial' and 24% of 'clerical & controller' disagreed. Also noted, high percentage of respondent remains neutral about the statement (44% from 'managerial', 64% from 'clerical & controller' and 52% from 'technician & operators'). This could be due to the ignorance or lack of understanding/ knowledge about the company's customer complaint handling system.

Generally, even though most of the items are having low mean scores, there are differences in perception between employees at different position for the 12 items listed. In those items, employees at lower ranks tend to disagree more compared to employees at higher ranks. Therefore, there should be different programs/ strategy directed to employees at different positions and extra attentions have to be given to employees at lower ranks.

It is noted that for items under sub dimensions like congruence (Q2), stability of environment and technology (Q4), programmability (Q9), normative consensus (Q32) and value consensus (Q35), the differences could be due to lack of training and knowledge among employees at lower positions. Employees at higher ranks are generally able to access to relevant information, like information on the business requirements, customer complaints handling systems (which is not accessible to lower ranking employees), external relationships and the overall changes contents.

Differences in items under sub-dimensions like goal specificity (Q7) and level of change target (Q11) could be due to the failure of upper level management to translate company objectives into functional objectives, understand by employees at lower level. Employees at higher positions may understand well/ better the objectives, measures, and targets set but it is not easy for lower level employees to figure out the connections of such objectives with their daily works at operational level.

**Table 5: ANOVA test result for 'position' against statements in institutionalisation framework**

		Sum. Sq	df	Mean Sq	F	Sig.
Q2: The improvement initiative is in harmony with the other changes taking place in the organization.	Btwn Grps	13.95	2	6.97	8.1	0.001
	Within Grps	100.84	117	0.86		
	Total	114.79	119			
Q4: The changes are dealt with directly by the change Program.	Btwn Grps	17.90	2	8.95	13.7	0.000
	Within Grps	76.42	117	0.65		
	Total	94.33	119			
Q7: The improvement initiative goals direct socialising such as training	Btwn Grps	15.20	2	7.60	15.9	0.000
	Within Grps	55.80	117	0.48		
	Total	70.99	119			
Q9: One of the target of the improvement initiative is looking into strategic intent for example re-evaluating vision and external relationships [e.g. suppliers]	Btwn Grps	100.12	2	50.06	63.1	0.000
	Within Grps	92.87	117	0.79		
	Total	192.99	119			
Q11: The target of change is the total organization/ Department/ section/ group	Btwn Grps	74.65	2	37.33	56.0	0.000
	Within Grps	77.94	117	0.67		
	Total	152.59	119			
Q15: There is a powerful sponsor who initiates allocates, Legitimises and controls the appropriate resources for Improvement initiative	Btwn Grps	67.12	2	33.56	57.9	0.000
	Within Grps	67.81	117	0.58		
	Total	134.93	119			
Q16: The middle managers support the improvement Initiatives	Btwn Grps	140.64	2	70.32	55.5	0.000
	Within Grps	148.16	117	1.27		
	Total	288.80	119			
Q17: There is considerable learning and experimentation on the job	Btwn Grps	32.51	2	16.26	13.3	0.000
	Within Grps	143.28	117	1.22		
	Total	175.79	119			
Q22: The reward systems is constantly revised to maintain a high level of desired behaviours	Btwn Grps	9.89	2	4.94	9.9	0.000
	Within Grps	58.70	117	0.50		
	Total	68.59	119			
Q26: Variation in performances/ preferences/ norms and values are corrected	Btwn Grps	10.06	2	5.03	10.2	0.000
	Within Grps	57.81	117	0.49		
	Total	67.87	119			
Q32: The organizational changes are in line with the business requirements	Btwn Grps	6.07	2	3.04	10.9	0.000
	Within Grps	32.52	117	0.28		
	Total	38.59	119			
Q35: There is an effective customer complaint handling System	Btwn Grps	14.10	2	7.05	9.8	0.000
	Within Grps	83.90	117	0.72		
	Total	98.00	119			

Differences in sponsorships (Q15 and Q16), socialisation (Q17) and sensing and calibration (Q26) are most likely due to lack of communication and understanding among higher level employees and lower level employees. It could also be due to lack of proper performance evaluation systems for managers/ supervisors to understand their own performance and also not having proper system to tap opinions from lower level employees.

Workers may view that managers/ supervisors are not giving sufficient supports in change initiatives, not taking proper actions to correct variations and not offering considerable learning and experimentation to them on jobs, while managers/ supervisor may think that they did so. This could also be contributed by the inability of managers to self evaluate their own performance.

It is indeed crucial for managers/ supervisors to understand how their subordinates perceive their supports on change programs as without knowing how their subordinates think, it will not be possible for managers/ supervisors to make change happens among employees.

#### **4.2.4 Analysis of 'years of service' against statements/ items in institutionalisation framework**

ANOVA test was run to detect significance difference between 'years of service' and all the statements/ items in the framework. Hypothesis set for the test as follows,

**H<sub>20</sub>:** There are no differences in perception among employees of different years of service (< 1 year, 1 – 5 years, 6 – 10 years and 11 – 20 years) with regard to items in institutionalisation framework.

Statistically expressed, H<sub>20</sub> is:  $\mu_1 = \mu_2 = \mu_3 = \mu_4$

Where  $\mu_1$ ,  $\mu_2$ ,  $\mu_3$  and  $\mu_4$  signify the means on respondents' perception towards items in institutionalisation framework among different employees groups based on their years of service respectively.

**H2<sub>1</sub>:** There are differences in perception among employees of different years of service (< 1 year, 1 – 5 years, 6 – 10 years and 11 – 20 years) with regards to items in institutionalisation framework.

Statistically expressed, H2<sub>1</sub> is:  $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$

Full set of SPSS ANOVA test result can be seen in appendix 19. For items 1, 2, 4, 7, 8, 9, 11, 12, 15, 16, 17, 19, 21, 26, 30, 32, 33, 34, 35, 36, 37, 43, 44 and 48, we reject H1<sub>0</sub> and accept H1<sub>1</sub>, which means there is significance differences in perception among employees of different length of service in these items. The details are presented in table 6. All the items are significance at 0.001. Report on cross tabulation between level of agreement and positions are shown in appendix 20.

In general, based on the cross tabulation analysis, employees in service for less than 5 years tend to disagree more towards the statements compared to employees in service more than 5 years. There are seven employees who are in service for more than 5 years, where two of them have been in service for more than 10 year. It is easily noted that the two employees in service for above 10 years tend to be agreeing on most of the statements while employees in service for 6-10 years tend to be remaining in the region of neutral and slight agreement or slight disagreement on the statements.

These show that there is a need to have different programs or strategies to deal with employees from different 'years of service'. More emphasis should be given or directed towards newer employees.

In general, higher satisfactory scores for employees having longer terms of service are probably due to the reason that the longer a person is in service, the better he/ she understands the culture, norms, missions, values, NWsW the company tries to promote. They are also having much complete information and knowledge about the business and its requirements. However, as the majority of employees are serving the company for less than three years, they are naturally lack of understanding and appreciation towards the company. This is further worsening by the lack of proper training and

supportive change programs to guide them through especially during the transition period.

**Table 6: ANOVA test result for 'years of service' against statements in institutionalisation framework**

		Sum of Sq	df	Mean Sq	F	Sig.
Q1: The improvement initiative is in harmony with the organization's managerial philosophy.	Between Groups	31.69	3	10.56	14.60	0.000
	Within Groups	83.90	116	0.72		
	Total	115.59	119			
Q2: The improvement initiative is in harmony with the other changes taking place in the organisation.	Between Groups	20.45	3	6.82	8.38	0.000
	Within Groups	94.34	116	0.81		
	Total	114.79	119			
Q4: The changes are dealt with directly by the change Program.	Between Groups	18.16	3	6.05	9.22	0.000
	Within Groups	76.16	116	0.66		
	Total	94.33	119			
Q7: The improvement initiative goals direct socialising such as training	Between Groups	12.61	3	4.20	8.35	0.000
	Within Groups	58.38	116	0.50		
	Total	70.99	119			
Q8: The improvement initiative goals directly link new behaviours with rewards.	Between Groups	7.14	3	2.38	5.60	0.001
	Within Groups	49.36	116	0.43		
	Total	56.50	119			
Q9: One of the target of the improvement initiative is looking into strategic intent e.g. re-evaluating vision and external relationships	Between Groups	35.67	3	11.89	8.77	0.000
	Within Groups	157.32	116	1.36		
	Total	192.99	119			
Q11: The target of change is the total organization/ department/ section/ group	Between Groups	27.81	3	9.27	8.62	0.000
	Within Groups	124.78	116	1.08		
	Total	152.59	119			
Q12: There is a promotion of consensus across the organization	Between Groups	15.36	3	5.12	6.86	0.000
	Within Groups	86.56	116	0.75		
	Total	101.93	119			
Q15: There is a powerful sponsor who initiates allocates, legitimises and controls the appropriate resources for improvement initiative	Between Groups	28.96	3	9.65	10.57	0.000
	Within Groups	105.96	116	0.91		
	Total	134.93	119			
Q16: The middle managers support the improvement initiatives	Between Groups	41.09	3	13.70	6.41	0.000
	Within Groups	247.71	116	2.14		
	Total	288.80	119			
Q17: There is considerable learning and experimentation on the job	Between Groups	29.58	3	9.86	7.82	0.000
	Within Groups	146.21	116	1.26		
	Total	175.79	119			
Q19: There is commitment towards the improvement initiative from employees/ middle managers/ upper managers involved	Between Groups	13.89	3	4.63	7.29	0.000
	Within Groups	73.70	116	0.64		
	Total	87.59	119			
Q21: Change is a constant agenda in the management of the business	Between Groups	6.78	3	2.26	9.10	0.000
	Within Groups	28.81	116	0.25		
	Total	35.59	119			

Q26: Variation in performances/ preferences/ norms and values are corrected	Between Groups	17.34	3	5.78	13.27	0.000
	Within Groups	50.53	116	0.44		
	Total	67.87	119			
Q30: The NWsW have assisted me understand the business better	Between Groups	4.80	3	1.60	6.62	0.000
	Within Groups	28.00	116	0.24		
	Total	32.80	119			
Q32: The organizational changes are in line with the business requirements	Between Groups	12.47	3	4.16	18.47	0.000
	Within Groups	26.12	116	0.23		
	Total	38.59	119			
Q33: The changes has promoted and the concept of internal customer service	Between Groups	10.96	3	3.65	5.51	0.001
	Within Groups	76.97	116	0.66		
	Total	87.93	119			
Q34: The changes has promoted and the concept of external customer service	Between Groups	21.05	3	7.02	9.54	0.000
	Within Groups	85.31	116	0.74		
	Total	106.37	119			
Q35: There is an effective customer complaint handling system	Between Groups	13.40	3	4.47	6.12	0.001
	Within Groups	84.60	116	0.73		
	Total	98.00	119			
Q36: The change has promoted the concept of team work and cohesiveness	Between Groups	12.12	3	4.04	12.20	0.000
	Within Groups	38.38	116	0.33		
	Total	50.50	119			
Q37: The change has promoted the concept of continuous learning	Between Groups	10.08	3	3.36	8.32	0.000
	Within Groups	46.85	116	0.40		
	Total	56.93	119			
Q44: Sales growth	Between Groups	1.82	3	0.61	7.83	0.000
	Within Groups	8.98	116	0.08		
	Total	10.80	119			
Q48: Company image	Between Groups	1.97	3	0.66	5.70	0.001
	Within Groups	13.33	116	0.11		
	Total	15.30	119			

#### 4.2.5 Analysis of 'department' against statements/ items in institutionalisation framework

Below are the hypotheses to be tested via SPSS 11.0 ANOVA tests.

**H3<sub>0</sub>:** There are no differences in perception among employees of different departments ('manufacturing', 'QA', 'Engineering/ Purchasing/ Logistics', 'Finance/ Admin/ HR') with regard to items in institutionalisation framework.

Statistically expressed, H3<sub>0</sub> is:  $\mu_1 = \mu_2 = \mu_3 = \mu_4$



Where  $\mu_1$ ,  $\mu_2$ ,  $\mu_3$  and  $\mu_4$  signify the means on respondents' perception towards items in institutionalisation framework among different employees groups based on their department respectively.

**H3<sub>1</sub>:** There are differences in perception among employees of different departments ('manufacturing', 'QA', 'Engineering/ Purchasing/ Logistics', 'Finance/ Admin/ HR') with regards to items in institutionalisation framework.

Statistically expressed, H3<sub>1</sub> is:  $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$

Full set of SPSS ANOVA test result can be seen in appendix 21. In general, there is no significance difference detected. Thus, we may accept null hypothesis H3<sub>0</sub> and reject alternative hypothesis H3<sub>1</sub>. This means that departmental aspect may be ignored in designing intervention programme, as there is no significance different in perceptions among different employees from different departments.

Insignificant difference between employees from different departments could be due to the lack of strong personal identity or shared values within each departments. It could also be due to the small size of organisation with total population of only 170 employees where interactions among employees from different departments are happening easily and frequently.

#### **4.2.6 Analysis of 'gender' against statements/ items in institutionalisation framework**

'T' test was conducted to test the difference between gender groups with regard to statements in institutionalisation framework. Below are the hypotheses,

**H4<sub>0</sub>:** There are no differences in perception among employees of different gender (male and female) with regard to items in institutionalisation framework.

Statistically expressed, H4<sub>0</sub> is:  $\mu_1 = \mu_2$

**H4<sub>1</sub>:** There are differences in perception among employees of different gender (male and female) with regard to items in institutionalisation framework.

Statistically expressed, H4<sub>1</sub> is:  $\mu_1 \neq \mu_2$

Full set of SPSS 'T' test result can be seen in appendix 22. In general, there is no significance difference detected. Thus, we may accept null hypothesis H4<sub>0</sub> and reject alternative hypothesis H4<sub>1</sub>. This indicates that gender factor may be ignored in designing intervention programme, as there is no significance different in perceptions among different gender employees.

Insignificant differences in gender could be due to indifference work nature among different gender in the company.

#### **4.2.7 The relationships between dimensions – correlation analysis**

Hypothesis to be tested in this analysis is as follows,

**H5<sub>0</sub>:** There is no significant positive relationship between all the four dimensions in institutionalisation framework.

**H5<sub>1</sub>:** There are significance positive relationships between all the four dimensions in institutionalisation framework.

Correlation analysis is conducted to determine the relationships between dimensions of institutionalisation framework. Table 7 shows the report details produced by SPSS 11.0. The results show that all the four dimensions are significantly, positively correlated. Hence, we reject null hypothesis (H5<sub>0</sub>) and accept alternate hypothesis (H5<sub>1</sub>). These mean that if the level of organisational characteristics is high, other dimension like intervention characteristics, institutionalisation processes and indicators of institutionalisation will also be high and so do the rest of dimensions.

Important lessons to draw from this analysis is that all the dimensions in institutionalisation framework are affecting each other and it is important to identify weaknesses in each dimensions and sub-dimensions as it will affect

the performance of other dimensions as well. For instance, having strong 'organisation characteristics' and 'intervention characteristics' will affect 'Institutionalisation processes' in a positive manner and further contributes to higher level of 'indicators of institutionalisation'. As for the case of LRC, low level of all the three dimensions had contributed to bad performance of 'indicators of institutionalisation'.

This result is supporting the original institutionalisation framework, which hypothesised that each of the dimensions is having significant positive relationships.

**Table 7: Relationships between dimensions  
(Correlation Analysis)**

		ORG CTS	INV CTS	INST PRO	INS IND
Organisation Characteristics (ORG C)	P Corr	1.00	0.71	0.59	0.49
	Sig. (2-tailed)	.	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	N	120.00	120.00	120.00	120.00
Intervention Characteristics (INTV C)	P Corr	0.71	1.00	0.58	0.46
	Sig. (2-tailed)	<b>0.00</b>	.	<b>0.00</b>	<b>0.00</b>
	N	120.00	120.00	120.00	120.00
Institutionalisation Process (INST PCS)	P Corr	0.59	0.58	1.00	0.70
	Sig. (2-tailed)	<b>0.00</b>	<b>0.00</b>	.	<b>0.00</b>
	N	120.00	120.00	120.00	120.00
Indicators of Institutionalisation (IND INST)	P Corr	0.49	0.46	0.70	1.00
	Sig. (2-tailed)	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	.
	N	120.00	120.00	120.00	120.00

\* Correlation is significant at the 0.05 level (2-tailed).

### 4.3 Overall discussions

It is worth noting that even though the overall scores for each item are at low/ unsatisfactory level, the company are performing extraordinarily well in its profit, sales turnover, market share, company image, and customer satisfaction. This is contravening the modified institutionalisation model, which hypothesised that weak organisation characteristics and intervention characteristics will lead to weak institutionalisation processes, which will

further affect the indicators of institutionalisation, and when comparing it with divisional performances, it should show weak divisional performances.

For the case of LRC, the positive relationships are only present for the four original dimensions. The items under 'divisional performance' are not scoring normal. All the items under local management control are scoring low in parallel with the four original institutionalisation dimensions while items under external control are having reverse relationships, which are scoring extraordinarily high compared to the rest items in the model. In order to clearly describe the relationships, we may reclassify the 'divisional performance' dimension into two sub-dimensions as follows,

- Sub-dimension 1 (under local management control): Labour productivity, development of new products, capacity utilisation, cost control, and personnel development.
- Sub-dimension 2 (under external control): Market share, profit growth, return on sales, return on investment, sales growth, company image, and customer satisfaction.

This may also be true to some of MNC similar to LRC, where internationally, they are well present in the market, having strong image, owning strong brands (or even become market leader in certain markets), and well connected with strong marketing network, etc.

However, their production sites at developing countries like Malaysia, Thailand, China, etc, which is running at relatively low costs and without much influence to their profit margin, might not be seen crucial for them. The requirements and targets set may be at minimum, so long as the operation is running without interruptions and producing physical products needed within the required specifications. For example, cost control may not be seen important so long as the operation is running within the budget. Personnel development for locals may not be seen crucial so long as they produce physical products required constantly without any resentment. Labour productivity might also not be seen crucial as long as it does not seriously affect the overall profit margin. Therefore, there is no surprise that even though a company is weak at its level of change initiatives institutionalisation,

it is not necessarily to be unprofitable, having bad company image, low customer satisfaction, etc.

The abnormal relationships may also be explained through the cultural aspects of its management, leadership styles and strategy employed by the top management. However, different studies have to be done to determine the significance of such influence and no conclusion may be made in this study, as there is lack of supportive facts.

However, regardless of cultural, leaderships or strategic reasons, it is suggested that all the items under local management control in 'divisional performance' cannot be neglected as those are the fundamental for a healthy company and are crucial for a company's long term survival.

Overall low scores or low level of institutionalisation in LRC may also be explained through the gaps of filtration, or the difference between the interventions original philosophies and the practice the company tries to promote. For example, the company is utilising balanced scorecard framework to establish its objectives, and use the model as a controlling tool to ensure achievement of objectives set. This is incomplete, as originally Kaplan and Norton (1996) was suggesting that the framework is best utilise as a communication, informing, and learning system rather than mere controlling system. Apart from that, certain important elements suggested by Kaplan and Norton (1996) in their 'balanced scorecard as a strategic framework for action' for the implementation of the model like educating, linking rewards to performance measures, aligning strategic initiatives, allocating resources, articulating the shared vision and facilitating strategy review and learning are seriously in absence.

Intervention of GMP and HSE are also done on the ground of getting the needing certification (e.g. ISO14001) for company/ overall group image building, without much considering the essence and wider benefits of such interventions. This is obvious where the company is perfectly fulfilling all the documentation requirements of GMP and HSE based on international standards as well as local regulations, but most of the employees can hardly understand what is going on and why are they required to perform certain behaviours. This leads to inability of employees at all level, especially middle

and lower level failed to appreciate the interventions and hence giving minimum cooperation.