CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 General conclusion

In general, the company is having a total failure in institutionalising its organisational changes. Attentions have to be given to all the dimensions and sub-dimensions of the framework, including the part of local control under divisional performance.

Special attention must also be given to the difference in perception between 'managerial' and 'non-managerial' groups and between different groups of 'years of service' for most of the items. Changes initiatives/ programmes run without considering these valuable inputs are bound to fail.

Through the feedback gathered as well as researcher's own observation, improper planning and unsystematic change management and intervention plan as well as insensitivity among top management had contributed hugely towards the total failure. So, it is suggested that the company start engaging a proper model to assist in overall change plan for easier feedback, follow-up and continuous improvement initiatives.

5.2 Recommendations

5.2.1 Cascade training

According to Jacobs (2002), cascade training refers to the process of providing the competence necessary to ensure the institutionalisation of organisational change. It is the articulation of training programs to provide differing levels of employees the competence they require implementing the change. Thus it represents the intentional linking of training outcomes to achieve a broader set of goals. The underlying notion of cascade training is that critical change-related information will flow through the organisation in a planned way to facilitate subsequent parts of the institutionalisation process.

Approaches normally used including employee involvement, methods for designing organisations, groups, and jobs which is rooted in the disciplines of engineering, sociology, psychology, etc. These interventions are crucial for LRC as the company is facing productivity and effectiveness problem which may be detected through extremely low scores in 'divisional performance dimension', particularly in sub-dimensions like 'labour productivity', 'capacity utilisation', 'cost control' and 'personnel development'.

i.   Minor restructuring

Minor modification on the organisation structure is needed to ensure smooth reporting structure to speed up decision-making process in the organisation. This is crucial especially for Human Resources and Quality Assurance departments where complicated reporting systems exist which hinder the smooth running of overall operations of the plant. The head of these two departments is not only reporting to the 'Factory Manager' of the plant, but they are also reporting to their respective heads in HQ. Most of the time, the decisions have to goes up to the HQ, which creates more red tape and delay in decision-making.

It is suggested that a thorough study is made to discover the possibilities of decentralising the human resources and quality assurance functions and look out for possible empowerment to enable local personnel to have sufficient decision making authority.

ii.   Employee involvement – parallel structure – quality circle

Quality circle or 'employee involvement team' consist of small groups of employees who meet voluntarily to identify and solve productivity problems. The group method of problem solving and the participative management emphasised decentralised decision-making and use the small group as the organisation unit to promote collective decision-making and responsibility.

Similar groups involving employees from various departments can be formed with proper empowerment, guides and training. Specific tasks with proper objectives may be assigned to the groups. External trainer/ consultant may be employed for the initial training and start-up. The management team may monitor closely subsequent co-ordination and follow-up.

could start from the factory manager, senior managers, section managers, departmental heads, and supervisors, to down line employees. An alternative approach would be to proceed from the lower employee levels of the organisation upward through to the executive levels.

The hierarchical design to cascade training ensures that everyone organisation-wide understands the change and addresses three issues related to employee competence:

- Which tasks to keep doing;
- Which tasks to stop doing; and
- Which new tasks to begin doing.

5.2.1.2 Process

The design of cascade training follows the chain of cross-functional relationships of suppliers and customers on a business process. It ensures that whenever change occurs in one part of the process, others become aware of it and acquire the areas of competence necessary to respond accordingly.

5.2.1.3 Employee role

This design follows the line of peer relationships across the organisation. Jacobs (2002) comments that, having peers instruct peers offers unique opportunities for increasing training effectiveness. For instance, it might be advisable to have managers train other peer managers across the organisation on a topic that each must have competence in, even tough they represent different areas of organisation. This approach also ensures that individuals understand the change from a credible source and have the specific areas of competence to respond accordingly.

5.2.1.4 Project

This design follows the interconnections of groups, both internal and external to the organisation, which are working in achieving a goal. For example, the various groups involved in the setting up of new production line need to know about changes occurring in one group, say the changes in

compounding function. It ensures that the stakeholders understand the change, even though not all groups will be affected by it to the same extent.

Numerous authors have pointed out the importance of training to facilitate the organisational change process, and it follows that cascade training be considered a key institutionalisation process. Jacobs (2002) further suggested that when cascade training is part of the institutionalisation process, it should achieve the following goals,

- Address the respective competence needs of the employees affected by the change, including the use of awareness, managerial and technical training.
- Use of an array of training approaches that are best suited to meet those needs, including both training conducted on the job and off the job.
- Be coordinated so that the training outcomes of one group are reconciled with the training outcomes of other groups.

5.2.1.5   Applications of cascade training

Cascade training is an important tool for LRC in implementing all its three major changes initiatives, as implementation of 'Balanced Scorecard', 'GMP', and 'HSE' are requiring extensive training. All the employees regardless of their positions and departments need to be trained to understand the contents of 'Balanced Scorecard', which are also the objectives of the company. Only through understanding, they are able to appreciate the objectives and further translate into their own divisional or departmental goals. The practices of GMP and 'HSE' are supposed to develop into part of employees' working lives. This can only be done through proper training from top to bottom. Cascade training will be able to assist in ensuring no parts in the organisation are being left out and also ensuring full participation of employees regardless of their position, rank or department.

5.2.2   Intervention model

Cascade training alone is insufficient to ensure a successful institutionalisation. While cascade training may serves as good guidelines for

a more effective training, a more comprehensive and macro model is needed for overall design and implementation of change plan. It is recommended that basic intervention model proposed by Cummings & Worley is employed as basic guideline for designing a more specific and step-by-step intervention programmes to ensure that the basic issues are being well taken care of prior to handling more complicated issues. The model is divided into four major parts as follows (Cummings & Worley, 2000, p.146),

- Human Process Interventions
- Techno-structural Interventions
- Human Resources Management Interventions
- Strategic Interventions

5.2.2.1   Human process interventions

Human process interventions derive mainly from the disciplines of psychology and social psychology and the applied fields of group dynamics and human relations (Cummings and Worley, 2000, p.147). These interventions focused on people within organisations and the processes through which they accomplish their goals. These processes include communication, problem solving, group decision-making, and leadership.

i.   Team Building

Team building refers to a broad range of planned activities that helps group members enhance their interpersonal and problem solving skills. It is an effective approach to improving teamwork and task accomplishment. It can help problem-solving groups make maximum use of members' resources and contributions. Besides, it can also help members develop a high level of motivation to implement group decisions. Also equally important, team building can facilitate other OD interventions, such as employee involvement, work design, restructuring, and strategic change.

Team building is crucial as one of the first intervention the company should go for as generally the feedback of employees shows that there are lack of socialisation among employees, lack of communication among managerial and non-managerial and even among the same group of

employees. The best prove is that majority of the lower rank employees do not understand the objectives set by management team presented in Balance Scorecard format or its connection to their functional roles or functional objectives, which is published and presented to employees at all levels on monthly basis. Huge gaps between the managerial and non-managerial perception detected in all the four dimensions of institutionalisation model also proved that there are serious communication problems among the employees.

The intervention can be conducted phase-by-phase where it should be started with the management team itself, and later expand to include supervisors and controllers level. It can be done in the form of 'family group diagnostic meeting' and 'family group team-building meeting', which may be conducted off-site for few days, with close subsequent follow-up.

It is suggested that the company engaged external consultant/ OD practitioner to help conduct the intervention programmes, as there is no internal expert who are able to do the job.

ii.   Confrontation Meeting

This is an intervention designed to mobilise the resources of entire organisation to identify problems, set priorities and action targets, and begin working on identified problems.

This tool may be employed in supplement to team building. Smaller groups comprising representatives from various departments may be formed. It should have the involvement from top management down to line workers but they may be grouped under different groups like for example, management team members may be grouped under the same group to avoid subordinates being meeting up with his/ her bosses in the same group which may prohibit the effectiveness of the group in producing ideas. Openness and honesty must be present for the meeting to be effective.

It is also crucial to engage qualified practitioner to help conduct the meeting with reasonably subsequent follow-up.

5.2.2.2   Technostructural interventions

These change tools are gaining more and more popularity in light of increasing concerns about productivity and organisational effectiveness.

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This will further enhance the teamwork, commitment, socialisation, competition and learning culture in the organisation, which is crucial for institutionalisation process.

5.2.2.3 Human resources management (HRM) intervention

HRM intervention concerns how to integrate people into an organisation. These interventions are rooted in the disciplines of economics and labour relations and the applied personnel practices of wages and compensation, employee selection and placement, performance appraisal, and career development.

i. Goal Setting

This change program involves setting clear and challenging goals. It attempts to improve organisation effectiveness by establishing a better fit between personal and organisational objectives.

There have been objectives set by the management based on Balance Scorecard framework since year 2000 and the performance being monitored closely by management team. However, the studies finding show two major problems with the objectives as follows,

- The vast majority of organisation members do not understand the objectives and its connection with their work.
- There is no specific objective for each department/ section, which leads to the achievement of company's overall objectives.

Each sections or departments will have to work out their functional objectives, which is fulfilling SMART (S: Suitability, M: Measurable, A: Achievable, R: Reality, and T: Time scale) criteria. It is important that the objectives set are connected to overall company objectives, is understandable by lower rank employees and is measurable. Close follow-up and monitoring are definitely required.

ii. Performance Appraisal

Performance appraisal is a feedback system that involves the direct evaluation of individual or work group performance by a supervisor, manager, or peers.

The study confirmed that LRC is having a poor performance appraisal system. There is even an absent of appraisal system for employees below supervisory level. Without a proper appraisal system, it is tough for the management to establish a link between performance and rewards. The absent of such link will further contribute to more toughness in motivating the employees.

Hence, it is suggested that the company starts to conduct a thorough study on the present appraisal systems taking into considerations the idea of vast majority of the organisation's members.

iii. Reward Systems

Organisational rewards are powerful incentives for improving employee and work group performance. Rewards can also produce high levels of employee satisfaction.

It is important for LRC to review its existing reward systems with special focus on establishing link between performance and rewards, which is seriously absent in LRC. Package like performance bonus, profit sharing bonus, etc could be introduced.

The company also need to look into the gap and differences of reward packages received by staff transferred from previous company and staff transferred from HQ as this is one of the major complaints/ dissatisfactions voiced out by majority of employees. The company has to find a possible balance to bridge the gap as this is the basic 'fairness' element in an organisation and if employees fail to see the fairness element exist in their daily work, they are unlikely to contribute whole-heartedly towards the betterment of the company.

5.3 Implementation schedule

It is suggested that the company planned out their intervention programs phase-by-phase with reasonable time scale for each phase. The above recommendations may be covered in the first phase of intervention

program, which is to be run over a two years period. In between, there should be close evaluation from time to time to monitor the progress. Towards the end of two years, there should be an overall evaluation to determine further phases.

Appendix 23 shows Gantt chart for the first two years of implementation, which may be used by the company. Also included in the chart is the list of personnel responsible for each intervention programs. It is suggested that the company start of with 'team building programs' and 'confrontation meeting' for building up of teamwork and gathering input from organisation members. These are crucial inputs for further intervention programs. The program should be closely followed by the review of 'performance and appraisal systems' company wide to determine the current weaknesses and possible changes to the existing system. Those are the basic or foundation for further interventions. 'Functional goal setting' should then followed on the line and finally are the HR and QA department restructuring initiatives and 'parallel structure – QCC groups' setting and implementation. Towards the end of the two years programs, there should be an overall evaluation on the achievement and performance with the objective in mind to further design more effective intervention programs to achieve higher level of institutionalisation.

5.4   Further research

For LRC, it can further expand the study to cover all the branches as this study only cover one branch.

Further studies may be conducted by applying the same model for measuring the institutionalisation level of any organisation. It may also be applied across various organisations and industry wide. Studies of such nature are still rare in this part of the world.

Deeper study questioning the appropriateness of the institutionalisation model used in this study and probably come out with a much complete and effective model is also much encouraged.