ACC 0798

Application of Soft System Methodology in a Planned Organisational Change : A Case Study on CHS Ind. Bhd.

Chan Chew Choo

Bachelor of Agricultural Science
Universiti Pertanian Malaysia
Serdang
Malaysia
1996

Perpustakaan Universiti Malaya
A511210405

Submitted to the Faculty of Business and Accountancy,
University of Malaya, in partial fulfilment
of the requirements for the Degree of
Master of Business Administration

September 2001

ACKNOWLEDGEMENTS

I would like to extend my deepest gratitude to all the persons below for their support and assistance. I would like to thank my supervisor, Dr. Yusof for his invaluable guidance and advice. I deeply appreciate his patience and generosity for sharing his vast experience in completing this study.

Special thanks to my parents, my brothers and sisters in-law for their support and encouragement. They are always there when I needed them the most.

Thanks are also due to my Factory Manager, Mr. Vincent Ling and my Department Head, Ms SC Koh for their understanding and support in work throughout my pursuit for MBA.

Lastly, I would like to dedicate this thesis to my late brother, Chan Chew Hooi, who had always being my inspiration for self-improvement.

TABLES OF CONTENTS

	Page
Acknowledgements	i
Tables of Contents	ii
List of Tables	iv
List of Figures	vi
Abstract	vii
Chapter 1 Introduction	1
1.1 Organisation of the Study	1
1.2 Overview of the Study	2
1.3 Purpose and Research Question	3
1.4 Significance of the Study	3
1.5 Research Hypotheses	3
1.6 Scope of the Study	4
1.7 Limitations of the Study	5
1.8 Organisation selected for this study	6
Chapter 2 Literature Review	7
Chapter 3 Research Methodology	20
3.1 Research Hypotheses	22
3.2 Selections of Measures	23
3.3 Sampling Design	23
3.4 Data Collection Procedure	24
3.5 Data Analysis Techniques	24
Chapter 4 Summary of Statistics and Analysis of Measures	26
4.1 Six Types of Diagnosis	26
4.1.1 Self-actuation Diagnosis	26
4.1.2 Actor System Diagnosis	30
4.1.3 System Dissipativeness Diagnosis	36

4.1.4 Six Level Organisational Diagnosis 39
4.1.5 Internal Environmental Assessment 62
4.1.6 Internal Quality Assessment 67
4.2 Testing of hypotheses 75
4.3 Summary of research results 82

Chapter 5 Conclusion and Recommendations 83
5.1 Recommendations 83
5.1.1 Human Process Interventions 84
5.1.1.1 T group 84
5.1.1.2 Process Consultation 84
5.1.1.3 Team building 84
5.1.1.4 Organisation confrontation meeting 85
5.1.2 Technostructural Interventions 85
5.1.2.1 Reengineering 85
5.1.3 Human Resource Management Interventions 85
5.1.3.1 Employee selection and placement 85
5.1.3.2 Performance management 85
5.1.3.3 Career development and training 86
5.1.4 Strategic Orientation Interventions 86
5.1.4.1 Open system planning 86
5.1.4.2 Integrated strategic change 86
5.1.4.3 Transorganisational development 86
5.1.4.4 Culture change 87
5.1.4.5 Organisation learning 87
5.2 Suggestions for future study 88
5.3 Implications of this study 89

Bibliography
Appendices

LIST OF TABLES

Table	Title	Page
1	Self-actuation scores	26
2	Frequency analysis for self-actuation diagnosis	29
3	Actor system – individual score	30
4	Frequency analysis for actor system – individual level diagnosis	31
5	Score for the actor system – generic (departmental) level diagnosis	32
6	Frequency analysis for actor system – generic level	35
7	Score for the system dissipativeness diagnosis	36
8	Frequency analysis for dissipativeness diagnosis	38
9	General environment level diagnosis results	39
10	Frequency analysis for general environment level diagnosis	41
11	Results of industry structure level diagnosis	42
12	Buyer of flexible packaging in Malaysia	43
13	Estimation of sales (in million ringgit) of major competitors for high end flexible film in Malaysia	44
14	Estimate of sales (in million ringgit) of various packaging in Malaysia	45
15	Frequency analysis for industry structure level diagnosis	46
16	Results of strategic orientation level diagnosis	47
17	Frequency analysis for strategic orientation diagnosis	50
18	Score for the group (departmental) level diagnosis	51
19	Frequency analysis for group (departmental) level diagnosis	54
20	Score for personal characteristics diagnosis	55
21	Frequency analysis for personal characteristics level diagnosis	58
22	Results of individual effectiveness diagnosis	59
23	Frequency analysis for individual effectiveness diagnosis	61
24	Results of Internal Environmental Assessment	62
25	Frequency analysis for Internal Environmental Assessment	66
26	Results of Internal Quality Assessment	67
27	Frequency analysis for Internal Quality Assessment	74
28	Significant deviation analysis for self-actuation	75

29	Significant deviation analysis for actor system – individual level	75
30	Significant deviation analysis for actor system – generic level	76
31	Significant deviation analysis for system dissipativeness	76
32	Significant deviation analysis for general environment	76
33	Significant deviation analysis for industry structure	77
34	Significant deviation analysis for strategic orientation	77
35	Significant deviation analysis for group level	77
36	Significant deviation analysis for personal characteristics	78
37	Significant deviation analysis for job level – individual effectiveness	78
38	Significant deviation analysis for Internal Environmental Assessment	79
39	Significant deviation analysis for Internal Quality Assessment	80
40	Testing hypothesis for organisation performance	81
41	The Critical Success Factors	82

LIST OF FIGURES

Figure	Title	Page
1	Yusof Omar's Adapted SSM in Organisational Diagnostics	20
2	Self-actuation	26
3	Actor system – individual level diagnosis	30
4	Actor system – generic level diagnosis	32
5	System dissipativeness diagnosis	36
6	General environment diagnosis	39
7	Industry structure diagnosis	42
8	Strategic orientation diagnosis	47
9	Group level diagnosis	51
10	Job level diagnosis – personal characteristics	55
11	Job level diagnosis – individual effectiveness	59

ABSTRACTS

The objective of this study is to gauge the organisation viability and performance by applying the Soft System Methodology, to draw a framework for a planned organisational change in a polywrap packaging material manufacturer.

The selection of samples for observation and secondary data was based on census (for organisation level and group level) and probability sampling (for individual level). The stratified sampling method was used to select 30% (70 individuals) from 3 levels of employees in the organisation (which consists of 234 employees).

The 5 points Likert Scale was used to measure the magnitude of the variables being evaluated. The results show that the organisation is viable only in self-actuation but fail to survive and performance in other areas.

The actions recommended to overcome the critical success factors are divided into four intervention strategies, namely, Human process interventions, Human resource interventions, Techno-structural interventions and Strategic orientation interventions. These recommendations are meant to shift the company to a better competitive advantage. As such, a roll out plan has been developed to navigate the change process in this organisation.