

## **CHAPTER 1**

### **INTRODUCTION**

It has been forty-five years since Malaysia's independence and eleven years have passed since Malaysia announced its Vision 2020, to become an industrialised and developed nation, in her own mould within thirty years. In this period, there are major changes in the nation's economic profile, and within the industrial sector itself the necessary transformation in process and technology utilisation is taking place. New industrial clusters are being identified and nurtured for development, such as Information Technology while cluster with existing formation for future growth and development. The faster the pace of industrialisation, the greater the need for Malaysia to access every possible corner of the global market and to be a viable player in the globalisation process. In line with this trend, change is an inevitable feature of organisational life.

#### **1.1 ORGANISATION OF THE STUDY**

The study is organised into 5 chapters. This chapter presents brief overview of the study, purpose and research question, significance of the study, research hypotheses, scope of the study, limitations of the study and organisation selected for this study.

Chapter Two reviews the relevant past empirical studies in a logical flow. Chapter Three set out the research methodology and data analysis used in this study. It consists of research hypotheses, selections of measures, sampling design, data collection procedure and data analysis techniques.

Chapter Four reports findings from the empirical analysis of this study and interprets them. The first section provides the summary of statistics and analysis of measures. This is followed by testing of hypotheses and summary of research results in the second and third section respectively.

Chapter Five concludes the findings of the analysis and presents recommendation based on the findings. The recommended Cummings and Worley four intervention strategies are Human process interventions, Technostructural interventions, Human resource interventions and Strategic orientation interventions. The following sections provide suggestion for further study as well as implications of the study.

## **1.2 OVERVIEW OF THE STUDY**

Organisations can use soft system methodology in a planned change to solve problems, to learn from experience, to adapt to external environmental changes, to improve performance, and to influence future changes. To explore this area further, a case study has been conducted on a polywrap packaging material manufacturer in Malaysia.

This study has adopted the Checkland's Soft System Methodology for planning the whole framework of the study. The intention of this study is to investigate the organisation under-studied whether the organisation is viable towards a planned change. Besides this, a set of tools such as six-level organisational diagnosis and management system standards (ISO 14001:1997 and ISO 9001:2000) are used to gauge the existing functioning of the organisation.

The data collected by fact finding will require the assessor to rate the variables on a Likert Scale ranging from 1 point to 5 points and they are excellent (5 points), good (4 points), satisfactory (3 points), fair (2 points) and poor (1 point). The variables that fell on the scale of 1 point to 3 points will become the critical success factors for the organisation under-studied. The intervention strategies will then be recommended to rectify the situation. Also, figures and tables are provided in this report to give a better explanation of the methodology as well as better presentation of the findings.

### 1.3 PURPOSE AND RESEARCH QUESTION

The purpose of this study is to answer two research questions that are being associated with the planned change in an organisation. The research questions are :-

RQ1 : Is the organisation viable towards change ?

RQ2 : Is the organisation functioning effectively ?

### 1.4 SIGNIFICANCE OF THE STUDY

The significance of this study is to gauge the organisation ability to sustain its performance in the competitive environment. This can be done by unveiling the managerial obstacles encountered in the organisation and the intervention strategies can then be proposed to incorporate in the organisation Management manual to solve the problems. Further to this, this study can serve as a guide for future study such as replication of similar type of organisation size, business, quality and environment orientation.

### 1.5 RESEARCH HYPOTHESES

In line with the two research questions aforementioned, it is logical to formulate the research hypotheses as follow :-

H1 : the means for organisation to maintain its stability through processes of self-actuation are equal to four and above. ( $H_0 : \mu = 4$  and above;  $H_A : \mu \neq 4$  and above);

H2 : the means for organisation to survive under change through actor system adaptation are equal to four and above. ( $H_0 : \mu = 4$  and above;  $H_A : \mu \neq 4$  and above);

H3 : the means for organisation structures to survive change through dissipative system are equal to four and above. ( $H_0 : \mu = 4$  and above;  $H_A : \mu \neq 4$  and above);

H4 : the means for six-level organisational diagnosis are equal to four and above. ( $H_0 : \mu = 4$  and above;  $H_A : \mu \neq 4$  and above);

H5 : the means for ISO 14001:1997 Internal Environmental Assessment are equal to four and above. ( $H_0 : \mu = 4$  and above;  $H_A : \mu \neq 4$  and above);

H6 : the means for ISO 9001:2000 Internal Quality Assessment are equal to four and above. ( $H_0 : \mu = 4$  and above;  $H_A : \mu \neq 4$  and above);

The first three hypotheses are designed to answer the first research question whereas the last three hypotheses are formulated to answer the second research question. The hypotheses null ( $H_0$ ) will be accepted if the means equal to four and above. In contrast, if the means is unequal to four and above, the hypotheses null ( $H_0$ ) will be rejected or the hypotheses alternative ( $H_A$ ) will be accepted.

## 1.6 SCOPE OF THE STUDY

The scope of this study is only confined to a medium size polywrap packaging material manufacturing company with a Malaysian-Japanese management. Also, the recommendation of the intervention strategies for the management system is limited to this organisation under-studied.

## **1.7 LIMITATIONS OF THE STUDY**

This study is only limited to the eleven main activities conducted in the company (CHS), which has a paid up capital of \$ 21 millions. As such, the management manual would not serve as a guide for the whole polywrap packaging industry. The individual level diagnosis assessment is based on random sampling plan in view that time is a constraint. Hence, there may be random sampling error in the data obtained.

## 1.8 ORGANISATION SELECTED FOR THIS STUDY

CHS Industry Berhad (CHS) was established on 17<sup>th</sup> March, 1975 as a Malaysian-Japanese joint venture project with the objective to meet the needs for a local manufacturer and converter of high quality flexible packaging materials. The products have won diverse market segments, including food, medical, pharmaceuticals, chemicals, rubber gloves and electronics.

Presently, the annual sales turnover is RM 56 millions (Year 2000). The company's core activities are printing processes (product design, plate making and printing), lamination processes (extrusion lamination, dry lamination) and finished goods processes (slitting and bag making). Concerns about improvement were initiated as early as in the eighties. There was a drive towards Total Quality approach and a Quality Journey was embarked in 1991. The journey was commenced with the inception of Quality Control which had taken care of in-progress inspection.

As business grew, the production managers and executives were exposed to the concept of customer services through an educational and training programme conducted by in-house trainers. This is in line with the customer's focus in the core principles of total quality management. The company had focused on all products and services attributes that contribute to perceive value to the customer and that has lead to customer satisfaction. This has enabled the production personnel to constantly be sensitive to emerging customer and market requirements and at the same time to measure the factors that drive customer satisfaction. These steps have brought the production personnel closer to the customer and to the extent they can understand the customer's wants, how the customer uses the products and anticipate needs that the customer may not even be able to express. [Refer to Appendix 1 for more company profile]