

## **CHAPTER ONE**

### **1.1 INTRODUCTION**

Technology, globalization and competition are new force that challenge Mecomb Engineering Sdn Bhd core business activity in providing world class engineering solution and service for major engineering project. The company established in 1964, through the years, there have been vast changes in the company policy and system implemented, from a company that only provide engineering equipment trading to development of engineering system and currently providing complex engineering solution for major engineering project in Malaysia and the rest of the South East Asia Region.

However, as the world is moving towards globalization and modernization, technology changes so rapidly that old product and traditional business strategy are no longer valid for the current business situation. The development of new product based on market demand and development of new business strategy, business policy, technology and development of human skills and knowledge is a vital requirement for the competitiveness of the company, thus required Mecomb Engineering to perform certain transformation in its daily operation.

### **1.2 OVERVIEW OF THE STUDY**

Institutionalization involves making a particular change a permanent part of the organization's normal functioning. It ensures that the results of successful change programs persist over time. The institutionalization or long term persistence of intervention effects is examined in a framework showing the organization characteristic, intervention dimensions and process contributing to institutionalization to organization development interventions in organization. Assessing organization development interventions involves judgments about whether an intervention has been implemented as intended and if so, whether it

is having desired results. Once it is determined that a change has been implemented and is effective, attention is directed at institutionalizing the change, making them a permanent part of the organization normal functioning.

Lewin described change as occurring in three stages : unfreezing, moving and refreezing. Institutionalizing an OD intervention concerns refreezing, it involves the long term persistence of organizational changes : to the extent that changes persist, they can be said to be institutionalized.

As the need to respond rapidly towards changes in the environment and technology, Mecomb Engineering ability in sustaining the changes need to be examined in order for the organization to identify the obstacle that need to be addressed by the organization in implementing the desired refreezing process. In specific the institutionalization of change involves the usage of four main diagnostics namely :

- (1) Organization Characteristics
- (2) Intervention Characteristics
- (3) Institutionalization Process
- (4) Indicator of Institutionalization

### **1.3 OBJECTIVE OF THE STUDY**

The main objective of the study is to calibrate the institutionalizing of the quality system intervention implemented in Mecomb Malaysia Sdn Bhd, particularly the engineering and administration department absorbent towards implemented intervention strategies conducted in the organization. Moreover this study also focus on the ability of the organization to meet future challenges created by the changes in the business environment and technology. The assessment is vital not only to determined that a change has been implemented is effective but also to come out with the feasible and necessary steps to make sure that the intervention implemented is adopted as normal organization functioning and to ensure that the results of successful change programs persist over time.

#### **1.4 SCOPE OF THE STUDY**

The scope of the study is mainly focus on the whole organization, Mecomb Malaysia is separated into seven main engineering department and one administration department consist of admin, shipping, inventory and accounting.

#### **1.5 SIGNIFICANT OF THE STUDY**

The rapid change in technology advancement and increase in competition among engineering firms has develop a situation where organization with highly competitiveness level only will survived in the current and future business environment. Based on this statement, it is important for Mecomb Malaysia Sdn Bhd to understand its current management style and practice and more importantly the internal organization development and reaction towards any changes implemented.

The need of this study become more apparent and important as the organization is growing bigger and adopting a different kind of culture from day to day. Different part of the organization have fundamentally different believe, goal, value system and norms. What patterns of behavior are inventions by individuals in response to the needs of their task and social context, do their patterns of behavior affect the organization's performance for better or worse ?.

## **1.6 LIMITATIONS OF THE STUDY**

The study is focusing on Mecomb Malaysia Sdn Bhd with their own seven engineering department and one administration department. The finding as well as the recommended strategy are thus confined to these eight department of Mecomb Malaysia, as such the recommendations would not serve as a guide for the whole Mecomb group of company furthermore Sime Darby Group of Company.

Time constrain also poses another limitation of the study, as the study is focusing on a particular time period the finding on the organization institutionalization of change are therefore limited to the particular time frame. A separate exercise should be carried out in future should the organization decided to refreeze their institutionalizing process.

The study is mainly based on descriptive survey conducted in the organization. According to Zikmund (2000) survey provide quick, inexpensive, efficient and accurate means of assessing information but also have the disadvantage of making error. Error such as random sampling error and systematic error, referring error resulting from some imperfect aspect of the research design that causes response error or from a mistake in the execution of the research, error that comes from such sources as sample bias, mistake in recording responses and etc.

## 1.7 ORGANIZATION OF THE REPORT

The report is organized into five chapters. First chapter is the introduction that highlight the general phenomena and issues and justification of the study which include the overview of the study, its purpose and significant, the research hypotheses, the scope of the study, the limitations of the study and general background of the organization selected for the study.

Chapter two outlines and reviews relevant past empirical studies in a logical flow. Chapter three discussed the research methodology in details as well as the type of data analysis used in the study. Its consists descriptions on all the diagnosis, selection of measurement, data collection procedure and data analysis type.

Chapter four report the findings of the four diagnosis done in the study and discuss the interpretation. This chapter is divided into two main sections. The first section provides the summary of statistics and analysis of measures for each of the diagnoses. The second section discusses in details the finding of each diagnosis and identifies the critical success factor for the organization.

The final chapter concludes the critical success factors and presents recommendations for the organization based on Cummings and Worley Institutionalization framework model.

The recommended degree of indicator of institutionalization are knowledge, performance, preferences, normative consensus and value consensus. These five factor can be used to assess the level of institutionalization of an OD intervention, the more the indicators are present in a situation, the higher will be the degree of institutionalization. Finally conclusion of the study as well as suggestion for future study is also presented in the next section of this chapter.

## **1.8 BACKGROUND OF THE ORGANIZATION**

Mecomb Malaysia Sdn Bhd was founded in Singapore in 1953 then incorporated in Malaysia in 1964. The company start its business as engineering trading company, then providing service and maintenance for the equipment they sell and currently upgrading themselves to another level as system integrator and as system solution provider. Mecomb provide a diversified range of high technology of product and engineering solution. In 1978 the company is bought over and fully owned by the group of Sime Darby Group of Company. Founded in 1910 Sime Darby have grown to become a strong and dynamic multinational company with more than 340 company in 22 nation. Mecomb obtained certification of quality system ISO 9001 in 1992.

The organization is headed by a group general manager with total number of employee reaching 500 employees. The organization is further divided into 5 main department based on the product they handled and is headed by a general manager, the department namely Mechanical Division, Control Division, Mechatronic Division, Scientific Division and Sime Darby System Division and one support department named Administration Department which is further divided into account department, admin department, shipping department and inventory control department.

Mechanical Division is divided into two main business unit, mechanical department and special project department. Core business of this department is to provide complex mechanical engineering solution for major engineering project. Work involve marketing, design, supply, deliver, install, testing and commissioning of system, they also provide after sales and service maintenance for the system they installed. The main business prospect for the department is hospital project, highway project and major construction project not only in Malaysia but also the rest of the south east asia region.

Control Division structure is basically does not differ from Mechanical Division, they are also divided into main business unit, named Sales Department and Project Department. The only main different of these two division is that its product, control division is more concentrate in providing solution in the oil and gas field of business. Their sales department is basically responsible to identify potential client for their engineering solution and once business is engaged the project department is responsible in delivering the solution as promised in the dealt. They also have a support department named service department to handled customer complaint and after sales and service.

Mechatronic Division have different kind of structure as compare to Mechanical and Control Division, this is because they only concentrated in Sales and Service for product that they represent as regional agent. Their scope of work mainly concentrated in finding the suitable prospects of client, understand their needs and provide the right equipment to solve engineering problem faced by the client. Since they are more concentrated on sales of engineering product, having a good service team is a vital requirement for the Mechatronic Department to maintain their competitive level. Scientific Division and Sime Darby System is basically having almost the same structure as Mechatronic Division. The only different id that they carry a different kind of product for different kind of market segment.

Lastly Administration Department act as the support division for all these five department to smoothen their daily workflow. They are included with finance department, accounting department, administration department, shipping department, purchasing department, product inventory department and personnel department which is responsible in providing human resource for the whole organization, providing training, consultation and carrier planning. Each of these respective department is headed by a manager.