TRANSFORMING THE CENTRE FOR MODERN MANAGEMENT INTO A MARKET AND CUSTOMER DRIVEN ORGANIZATION BY USING THE BUSINESS DEVELOPMENT AND MARKETING FUNCTION AS A CASE STUDY

By
Hallman bin Sabri

This thesis is a partial fulfillment of the requirements for the degree in Master of Science (Human Resource Development) from the Faculty of Cognitive Science and Human Development Universiti Malaysia Sarawak 1998
AKNOWLEDGEMENT

The completion of this thesis would not be possible without the encouragement, guidance and assistance of a few individuals. I would like to acknowledge my gratitude to:

- The CMM’s Board of Directors and Management Team especially the Chairman, Datuk Hj Abd Aziz Husein, and the Managing Director, Abdillah Suffian Abd Rahim for their encouragement in giving me the opportunity to undergo this program;
- My supervisor, Khoo Guat Lien (Elaine) of Faculty of Cognitive Sciences and Human Development, UNIMAS for her continuous guidance, critique and advice in my thesis;
- Dr. Peter Songan, the Associate Professor of Faculty of Cognitive Sciences and Human Development, UNIMAS for his valuable comments;
- Dr. Selva Abraham and his team at Gibaran Action Research Management Institute, Australia, for introducing the methodology of Action Research/Action Learning to me;
- My colleagues in The Work-based Learning Group namely; Peter Jambai, Bong Shi Yee, Iona Janang, Noraslin Anuar, Kude Empin and Jennifer Kusi Sim for their support and commitment in the research;
- Others whom I have not mentioned who have helped in some way or the other; and finally;
- I owe much appreciation to my wife, Linda, for her encouragement, patience and steadfast support.

Halimah Sabri
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgement</td>
<td>ii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>iii</td>
</tr>
<tr>
<td>List of Tables</td>
<td>v</td>
</tr>
<tr>
<td>List of Figures</td>
<td>vi</td>
</tr>
<tr>
<td>List of Abbreviations</td>
<td>vii</td>
</tr>
<tr>
<td>Abstract</td>
<td>viii</td>
</tr>
<tr>
<td>Abstrak</td>
<td>ix</td>
</tr>
<tr>
<td><strong>CHAPTER I:</strong> INTRODUCTION</td>
<td></td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Background of the Study</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Problem</td>
<td>2</td>
</tr>
<tr>
<td>Objectives of the Study</td>
<td>3</td>
</tr>
<tr>
<td>Conceptual Framework</td>
<td>3</td>
</tr>
<tr>
<td>Significance of the Study</td>
<td>5</td>
</tr>
<tr>
<td>Definition of Terms</td>
<td>5</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>5</td>
</tr>
<tr>
<td>Market and Customer Driven Organization</td>
<td>5</td>
</tr>
<tr>
<td>Transformational Change</td>
<td>6</td>
</tr>
<tr>
<td>Scope and Limitation of Study</td>
<td>6</td>
</tr>
<tr>
<td><strong>CHAPTER II:</strong> LITERATURE REVIEW</td>
<td></td>
</tr>
<tr>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>6</td>
</tr>
<tr>
<td>Market and Customer Driven Organization</td>
<td>10</td>
</tr>
<tr>
<td>Transformational Change</td>
<td>13</td>
</tr>
<tr>
<td>Conclusion</td>
<td>18</td>
</tr>
<tr>
<td><strong>CHAPTER III:</strong> METHODOLOGY</td>
<td></td>
</tr>
<tr>
<td>Introduction</td>
<td>19</td>
</tr>
<tr>
<td>Purpose of the Study</td>
<td>19</td>
</tr>
<tr>
<td>Site/Background/Thematic Concern</td>
<td>19</td>
</tr>
<tr>
<td>Research Questions</td>
<td>20</td>
</tr>
<tr>
<td>Action Research Literature Review</td>
<td>21</td>
</tr>
<tr>
<td>Introduction</td>
<td>21</td>
</tr>
<tr>
<td>Definitions and Characteristics of Action Research</td>
<td>21</td>
</tr>
<tr>
<td>Action Research in Relation to Action Learning</td>
<td>23</td>
</tr>
<tr>
<td>Action Research in Relation to the Study</td>
<td>24</td>
</tr>
<tr>
<td>Action Research Method in the Study</td>
<td>26</td>
</tr>
<tr>
<td>Conclusion</td>
<td>29</td>
</tr>
<tr>
<td><strong>CHAPTER IV:</strong> FINDINGS</td>
<td></td>
</tr>
<tr>
<td>Introduction</td>
<td>30</td>
</tr>
<tr>
<td>Purpose of the Study and Thematic Concern</td>
<td>30</td>
</tr>
<tr>
<td>Research Questions</td>
<td>30</td>
</tr>
</tbody>
</table>
CHAPTER V: SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction 43
Summary 43
Purpose of the Study 43
Background of the Study 43
Research Questions 44
Literature Review 44
The Use of Action Research 45
Conclusions and Recommendations 48
Conclusions 48
Recommendations 49

BIBLIOGRAPHY 51
Appendix A 53
Appendix B 54
Appendix C 55
Appendix D 56
Appendix E 66
Appendix F 67
Appendix G 68
Appendix H 69
Appendix I 70
Appendix J 71
Appendix K 73
# LIST OF TABLES

<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Members of the Action Research Group</td>
<td>27</td>
</tr>
<tr>
<td>5.1</td>
<td>Mini-cycle 1 (Introducing Action Research/Action Learning in CMM)</td>
<td>45</td>
</tr>
<tr>
<td>5.2</td>
<td>Mini-cycle 2 (Shared Values and Beliefs)</td>
<td>45</td>
</tr>
<tr>
<td>5.3</td>
<td>Mini-cycle 3 (A Market and Customer Driven Organization)</td>
<td>46</td>
</tr>
<tr>
<td>5.4</td>
<td>Group Members Feedback on Learning Gained</td>
<td>48</td>
</tr>
</tbody>
</table>
## List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Cyclical Impact of the Study</td>
<td>4</td>
</tr>
<tr>
<td>2.1</td>
<td>Three Levels of Organizational Culture and Elements That Reflect Each Level</td>
<td>7</td>
</tr>
<tr>
<td>2.2</td>
<td>Four Phases of Organizational Transformation</td>
<td>15</td>
</tr>
<tr>
<td>3.2</td>
<td>Process of Action Research -- Plan, Act and Observe, and Reflect</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>---</td>
<td>--------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>CMM</td>
<td>Centre for Modern Management</td>
</tr>
<tr>
<td>2</td>
<td>BDMF</td>
<td>Business Development and Marketing Function</td>
</tr>
<tr>
<td>3</td>
<td>SPSTC</td>
<td>State Public Service Training Centre</td>
</tr>
<tr>
<td>4</td>
<td>TND</td>
<td>Training and Development Function</td>
</tr>
</tbody>
</table>
This study was to explore the possibilities on the transformation of the organization into a market and customer driven organization by using the Business Development and Marketing Function (BDMF) as a case study. The study’s objectives were to nurture the promotion of a market and customer driven culture, to identify and critically investigate the desired values, beliefs and behavioral norms, and to promote the concept of a learning organization within BDMF.

In this study, an action research methodology with a sub-set of action learning was used through the formation of an action research group called the Work-based Learning Group represented by six BDMF members and one member from Training and Development Function (TND).

Findings were obtained through the process of plan, act and observe, and reflect by the group members. Three mini-cycles of an action research were formed namely; introducing action research and action learning in CMM, possessing the ideal shared values and beliefs, and promoting a market and customer driven organization.

Data gathered was validated through the process of triangulation. It was further validated by two of the management’s members.

From this study, it was found that to promote a market and customer driven organization, BDMF needed more transformational changes in terms of the behavioral strategies of the employees. The behavioral strategies were the persuasive communication, participation, expectancy, role modeling, extrinsic rewards, structural rearrangement, and coercion.

Thus, the study recommended that factors like the role of leadership, quality consciousness, concept of customer care, co-ordination of the functions and communication need to be intensified. It was also recommended to further pursue in the study of the organizational culture by using action research/action learning involving all categories of employees. This would be effective to inculcate the sense of ownership in transforming BDMF specifically and CMM in general into a market and customer driven organization.
ABSTRAK

Kajian ini dilakukan untuk menyelidik kemungkinan-kemungkinan transformasi organisasi kepada sebuah organisasi yang mengutamakan orientasi pemasaran dan perkhidmatan pelanggan dengan menggunakan Fungsi Pembangunan Urusniaga dan Pemasaran (BDMF) sebagai kajian kes. Objektif-objektif kajian adalah untuk membangunkan budaya yang berorientasi pemasaran dan perkhidmatan pelanggan, mengenalpasti dan menyelidik secara kritikal nilai-nilai, kepercayaan-kepercayaan dan norma-norma kelakuan, dan untuk menggalakkan konsep organisasi pembelajaran dalam BDMF.


Hasil kajian telah diperolehi melalui proses perancangan, tindakan dan pemerhatian, dan refleksi oleh ahli-ahli kumpulan. Tiga kitaran kecil “action research” telah dibentuk seperti: memperkenalkan “action research” dan “action learning” dalam CMM, memiliki nilai-nilai dan kepercayaan-kepercayaan yang dikongsi bersama, dan menggalakkan orientasi organisasi kepada organisasi yang mengutamakan pemasaran dan perkhidmatan pelanggan.

Data yang diperolehi diperakui melalui proses triangulasi. Ia seterusnya diperakui oleh dua ahli pengurus CMM.

Dari kajian ini, didapati bahawa untuk menggalakkan orientasi organisasi pemasaran dan perkhidmatan pelanggan, BDMF memerlukan banyak perubahan transformasi dalam bentuk strategi-strategi perlakuan pekerja-pekerjanya. Strategi-strategi perlakuan yang dimaksudkan di sini ialah keberkesanan komunikasi, penglibatan, ekspektasi, model contoh, penganugerahan ekstrinsik, penyusunan semula struktur, dan “coercion”.

Kajian ini telah mencadangkan beberapa faktor yang perlu dipertingkatkan implementasinya seperti dalam bidang tanggungjawab pemimpin, kesedaran kepentingan kualiti, konsep mengutamakan pelanggan, koordinasi fungsi-fungsi dan komunikasi. Seterusnya kajian ini mencadangkan kajian budaya organisasi dengan menggunakan “action research/action learning” yang melibatkan kesemua kategori pekerja hendaklah diusahakan. Ini boleh membawa kesan memupuk semangat kekitaan dalam usaha transformasi BDMF secara khusus dan CMM amnya kepada sebuah organisasi yang berorientasi pemasaran dan perkhidmatan pelanggan.
Chapter I
INTRODUCTION

INTRODUCTION

The State Secretary of Sarawak, Yang Berbahagia Tan Sri Datuk Amar Haji Hamid Bugo stated that Sarawak needed to embark on a quantum leap not only to catch-up but to by-pass the state of the present post-industrialized countries if the state wanted to achieve the vision of a prosperous society.

Mentioning this view in the pamphlet, The New Sarawak Civil Service, Tan Sri Datuk Amar Haji Hamid stressed that one of the strategies in quantum leap was the development of the Sarawak Civil Service in terms of shifting to a new way of thinking that would support change and growth. This could contribute towards becoming more efficient in steering and facilitating the development of the state.

Arising from Tan Sri Datuk Amar Haji Hamid’s view, this study is an attempt to explore the organization’s new way of cultural paradigm that would support change and growth to achieve the vision of the Centre for Modern Management (CMM) to be the preferred human resource development consultancy organization in the region.

This chapter describes the background of the study, statement of problem, objectives of the study, conceptual framework, significance of the study, definitions of terms used, and scope and limitation of the study.

BACKGROUND OF THE STUDY

C.M. Management (Sarawak) Sdn. Bhd. (a wholly-owned subsidiary company of Yayasan Sarawak), or better known as the Centre for Modern Management (CMM) was formed in 1994. The formation of CMM was mooted by the Chief Minister of Sarawak, YAB Tan Sri Datuk Patinggi Taib Mahmud during his winding-up speech at the Dewan Undangan Negeri on November 26, 1993. An extract of the speech is found in Appendix A.

CMM was formed to replace the roles and functions of the State Public Service Training Centre (SPSTC) located at Jalan Simpang Tiga, Kuching. SPSTC’s role was to provide training and development programs to the civil servants.

Upon replacing SPSTC’s role, CMM is expected to upgrade the efficiency of the state civil service practices by inculcating contemporary work values and beliefs. This could be achieved through the provision of high quality and innovative human resource development programs.

CMM is expected to:

- provide advice and assistance on management related training and human resource development to the State Civil Service;
- provide consultancy service to the State Civil Service; and
- promote the concept of Malaysia Incorporated by inviting course participants from the private sector (through Malaysia Incorporated, both the public and private sectors would cooperate together towards nation building).
Even though the State Government fully supported the existence of CMM through the participations of the civil servants in human resource development programs, the CMM's Board of Directors expected more to be done by CMM towards expanding its business to the private sector. Only through this effort could CMM make an impact in line with its vision, that is, to become the preferred human resource development consultancy organization in the region. An extract of the decision from the Board of Directors meeting on 16th May, 1996 is provided in Appendix B.

Thus, the Business Development and Marketing Function (BDMF), which is one of the strategic business units in CMM was formed in late 1996 with the objectives to develop and expand new markets, to market the existing human resource development programs available, and to render organizational development consultancy services.

The BDMF was assigned to specifically focus on penetrating and expanding the market of the statutory bodies and local authorities of Sarawak, the federal government departments, and the private sector in Sarawak, and generally expanding the market to the South East Asian region as a whole. Thus, the BDMF is expected to play an important role to actively expanding market share and increasing profitability of CMM.

Since its formation in late 1996, the BDMF's performance was not that impressive. For example, from the marketing of the in-house training programs, in terms of revenue distribution for 1997, BDMF only managed to obtain 1% from the federal government departments, 23% from the private sector and 76% from the state government's departments/agencies/statutory bodies/local authorities. In-house training programs revenue distribution was chosen as an example in this study because this was the main revenue activity generated by BDMF (Source: BDMF presentation to the Management Team for the year 1997).

To achieve the above objectives and expectations, this study is an attempt to explore the desired organizational culture that possibly could nurture a market and customer driven organization. Such an organization is expected to break away from the stereotypical role of providing human resource and development programs solely to the state civil service.

As CMM was recognized as the main provider of HRD programs to the state civil service, the effort of changing the organizational culture is in line with the Sarawak State Secretary's view of changing the mind-set of the state civil service that support the values and beliefs of being customer oriented. Therefore, the success of changing the organizational culture into that of a market and customer driven culture would be exemplary to the state civil service and also to the private sector.

STATEMENT OF PROBLEM

CMM always had difficulty in penetrating into the federal government departments and the private sector. The difficulty of penetrating the federal government departments was because Institut Tadbiran Awam Negara (INTAN) had always been the sole provider of training programs. As for the private sector, CMM had no reason for not being able to increase its market share as it is an open market.

As a former State Public Service Training Centre (SPSTC), CMM had the image of a human resource development programs provider to the state civil service. Thus, as a private entity, CMM needed to nurture a corporate image that could contribute towards promoting the concept of Malaysia Incorporated (a concept of cooperation between the
Introduction

private sector and the public sector) through its programs in human resource development. This means that besides meeting the needs of the civil service, CMM should also be seen as meeting the needs of the private sector too. In this concept, there should be greater integration and cooperation between the private and the civil service. In this context, CMM would be seen to synergize this effort in terms of changing ideas and experiences thus creating new paradigm of work culture.

To meet the needs of the private sector, it means that the shared values and beliefs of CMM should be comparable to those upheld in private sector. This was in accordance with the winding up speech of the Chief Minister at the Dewan Undangan Negeri. The Chief Minister viewed the formation of CMM as the change agent to develop the civil service to be on par with the private sector. Thus, before trying to develop the civil service, CMM must have the right organizational culture. See Appendix A for the Chief Minister’s winding up speech.

In view of the recognition given by the Chief Minister on the formation of CMM, the effort to change the organizational culture of CMM into a market and customer driven culture would help to lure the private sector to participate in CMM’s HRD programs. This would help CMM to become financially independent and also to achieve its vision to be the preferred human resource and organizational development consultancy organization in the region.

Therefore, this study is an attempt to explore CMM’s transformation into a market and customer driven organization by focusing on BDMF’s role in CMM as a case study. The study would investigate the shared values, beliefs and behavioral norms that could contribute in nurturing a market and customer driven culture of BDMF and the organization as a whole.

Hence, in this study research questions like how to create a market and customer driven culture and what are the components of a market and customer driven are very relevant to ensure that the end result of the study could contribute towards learning.

OBJECTIVES OF THE STUDY

Being perceived as the provider of human resource development programs to the civil service, CMM needed to change this perception into an image that could promote *Malaysia Incorporated*; which involved its consideration to become the preferred human resource development consultancy organization by both the public and private sectors.

Therefore, the objectives of this research were to:
- nurture the culture of a market and customer driven organization,
- identify desired values, beliefs and behavioral norms, and,
- promote the concept of the organizational learning.

CONCEPTUAL FRAMEWORK

Basically, the conceptual framework of the study can be visualized as a *Cyclical Impact of the Study* (conceptualization of the study by the researcher) as shown in Figure 1.1.
The researcher believed that the study could contribute towards the personal growth development of the action research group, thereafter brings positive impact to the organization by practicing the desired behavior of a market and customer driven. When a market and customer driven organization is created, this would bring impact to the environment that is, to lure the civil service and private sector to do business with CMM.

Since the study is related to human resource development, the conceptual framework of the study would bring more value added to personal growth development and organizational development.

**Personal Growth Development**

The personal growth development would always be taken into consideration in this study. The change of attitudes, enhancement of skills and knowledge gained should be considered to ensure that there would be personal growth development happening to the action research group.

The methodology of the study introduced, that is, the action research/action learning and the subject matter to be studied, particularly the organizational culture, shared values and belief, and organizational learning would contribute towards the personal growth development of the group members. In addition, knowledge gained through group learning and self-directed learning would be invaluable to the group members. There would be a lot of questions, critiques and listening skills to be adapted along the journey of the study.

**Organizational Development**

The basis of the study was to achieve organizational development. Organizational development would be very closely linked to the personal growth development.
development of an individual in the organization. It would fail if personal growth development of individuals were not attended by the organization.

In this study, there would be an effort to align the group members' values and beliefs into one that could create a common organizational culture of a market and customer driven organization.

The purpose of the study would definitely see that the findings and suggestions would contribute bigger impact to the organization in terms of cultural change and mind-set of the staff towards a market and customer driven organization.

SIGNIFICANCE OF THE STUDY

The results from this study would greatly contribute towards nurturing a desired organizational culture for BDMF members and CMM as a whole. Through this research's findings, BDMF members could inculcate the appropriate knowledge, skills and practices in the work place in order to be seen as role models to the other members of CMM.

Other than contributing towards the staff development of BDMF, the study would assist in establishing the standards to be followed by other functions in CMM.

Finally, the result of this study can generally provide the necessary tools for behavioral change to enable BDMF and CMM as a whole to render better services and offer quality programs to meet the needs of the customers particularly in the private sector.

DEFINITION OF TERMS

Some of the key terms that are used in this study are described below:

**Organizational Culture**

Organizational culture is the new term for organizational behavior (Chaston, 1993). In this context of the study, the term used implies shared values, beliefs and behavioral norms of the people in the organization.

**Market and Customer Driven Organization**

A market and customer driven organization is a new concept, that is, to be customer focused, market driven, global in scope, and practice flexibility in delivering superior value to ever changing customers needs (Webster, 1994 and Day, 1990).

In this context of this study, it aims to nurture organizational culture that would adopt a market and customer driven culture.

**Transformational Change**

Nevis, Lancourt and Vassallo (1996), defined transformational change as changes occur in successive phases instead of the whole parts. In this study, transformational changes would be occurring gradually as major parts of the changes are from behavioral factors.
SCOPE AND LIMITATION OF STUDY

This research is on exploring the transformation of civil service oriented organization into a market and customer driven organization by using BDMF as a case study. CMM had always being associated as a civil service oriented organization because of its long historical background of merely providing human resource development programs to the civil service. In addition, the way CMM operates is perceived comparable to the state civil service. In view of this, the focus of this study would be on the organizational culture that could lead to a behavioral change that is customer oriented, competitor oriented and inter-functional co-ordination (Webster, 1994).

Since action research methodology is used in this study, the formation of an action research group is needed. The group members should favorably come from the same function to ensure that they shared the same scope of work and experiences. By having shared scope of work and experiences, the group members would be able to critically investigate the problem as they would be considered the experts of their own work. On the other, the limitation of having the same scope of work and experiences could contribute towards biases in the findings.

Generally, the group formed needed to have characteristics like problem focus, group dynamics, naturalistic, and action oriented to name a few (Abraham, 1997). Considering these characteristics, the action research group formed comprises of six members from the BDMF and one member from the Training and Development Function. The study was conducted at CMM, located at Jalan Simpang Tiga, Kuching.

The overall success of this study will depend on:

- group members’ understanding of the action research methodology;
- group members’ honesty to participate and share ideas;
- researcher’s facilitation skills in action learning process; and
- management policy and support.

The other limitation of the study would be the exposure of the methodology that is the action research to the organization. The action research would be effective if the project to be studied is a continuous project, a long-term investment, where the support of management would be needed in terms of the time frame where several cycles of the action research could show the progress of the project. Another limitation would be to ensure that the group members would be permanently in the group at least in several cycles of action research.
INTRODUCTION

Turbulence in the global business environment had seen new paradigms of change for organizations in conducting their business activities. Nevis et al (1996), argue that pursuing incremental change to suit organizations' need in turbulence environment of today is no longer effective. To cope with today's change, the organizations need to embark on a transformational change, a change that would affect the development of the people in the organization.

CMM as a private entity needed to be dynamic in its business approach as its vision is to be the preferred human resource development consultancy organization in the region. To achieve this vision, CMM needed to embark on a transformational change that would build new orientations in its daily business activities. Therefore, CMM required organizational culture that could nurture new set of values that are market and customer driven oriented approach in outlook.

This chapter deliberates the concepts, principles and strategies of organizational culture, a market and customer driven organization, and the transformational change involved in the study.

ORGANIZATIONAL CULTURE

Several literatures have mentioned the importance of organizational culture in assisting organizations in achieving their goals. Bounds et al (1994) mentioned that organizations were created to accomplish collective purposes or goals. A culture then emerges in the organizations because of the organizations’ need to deal with the external and internal problems faced.

Bounds et al viewed culture as having two perspectives: the outward view and the inward view:

The outward view of culture focuses on the behavior and those things about culture that are directly observable, such as artifacts, patterns of behavior, speech, formal laws, and technical know-how. ...The inward view of culture stresses the process through which behavior is learned, and the ideas, beliefs, symbolism, and evaluation aspects of culture. From this inward perspective, culture is the set of implicit rules that govern behavior. ...Thus, the inward and outward parts of culture are interrelated. (1994, p. 100)

Highlighting such dual view concept of culture, Bounds et al then defined culture as:

... a pattern of artifacts, behaviors, values, beliefs, and assumptions that a group develops as it learns to cope with internal and external problems of survival and prosperity. (1994, p. 101)
To really understand the concept of culture, Schein (1985), as mentioned in Bounds et al (1994), reconciled the perspective of outward view of culture and inward view of culture by subdividing it into three levels as shown in Figure 2.1. Level 1 is represented by the artifacts which correspond to the outward view. Both Levels 2 and 3 are the values and beliefs, and the underlying assumptions residing in the minds of the people to correspond to the inward view.

Anecdotes, art, ceremonies, communications, heroes, habits, jargon, language, management practices, myths, norms, physical arrangements, rituals, stories, symbols, traditions.

Cultural elements include: beliefs, cognitive processes, commitment, consensus, ethics, feelings, ideologies, justifications, knowledge, mind-set, philosophy, purpose, sentiments, thinking, understanding, values, vision, worldview.

Cultural elements include: assumptions, consensus, ideologies, mind-set, philosophy, worldview.

Figure 2.1: Three levels of organizational culture and elements that reflect each level. Source: Bounds et al, 1994, p.102.

Phesey (1993) on the other hand, defined culture as the values, beliefs and behavioral norms as a whole way of life in which people grow up. He added that culture is a way of seeing that is common to many people and it is subject to change whenever the managers feel it is wise to do so.

In this context of definition, changing the organizational culture of CMM relied on the management members. The management members would be the change agents to ensure that CMM has the right organizational culture that could be seen as a culture that reflects the spirit of Malaysia Incorporated.

Tsoukas (1994), shared similar definition of culture with Phesey:

Culture is defined as that which is shared by and/or unique to a given organization or group (e.g. Clark, 1970; Schein, 1985; Smircich, 1983b). Culture, according to this definition, is an integrating mechanism (Geertz, 1973; Schein, 1983), the social or normative glue that holds together a potentially diverse group of organizational members. (1994, p. 109)
Similarly, Chaston (1993) also mentioned culture as integrating tool for the people in the organization. He said that:

In organizations, culture is reflected in the commitment of employees to a common purpose and determines the skills or competencies required of the entire workforce to fulfill their respective job roles effectively. (1993, p. 21)

Cited in Lessem (1990), Handy argued that there are differing cultures (sets of values and beliefs) reflected in different structures and systems. He elaborated that cultures are affected by the events of the past and the climate of the present, including the technology they used, their aims, and the kind of people that work in the organization. Handy further explained that there are four main corporate cultures namely, power culture, role culture, task culture and person culture.

*Power culture* is commonly found in small organizations. Only key individuals have excessive control of the organization. The structure is best pictured as a *spider web*. Pictured like spider web, the key individuals have the mobility and control of the organization. This organization thus, has the ability to move quickly and can react well to threat and danger.

The *role culture* is best described as a bureaucratic. The operations of the organization are based on logic and rationality. In terms of co-ordination, only a few senior management members are responsible. This culture emphasizes the importance of the job description instead of recognizing the individual's creativity in problems solving and decision making; strictly to say, it is based on the *book*.

The *task culture* is defined as job or project oriented. The culture recognizes expertise as the only base of power and influence. The task culture utilizes the unifying power of the group to improve efficiency. It is also called the *team culture*. It is best pictured like a *net* – inter-functional involvement from one project to another project.

The *person culture* is defined as recognizing the importance of the individual in the structure of an organization. Its structure is as minimal as possible. It is best pictured as a *cluster* – minimal reporting line and vague. Examples of this person culture, are the barristers’ chambers, architects’ partnerships, and some small consultancies.

Based on the above cultures, in general, CMM has the combination of all four cultures, however, with less dominant in *task culture*; a prerequisite of a market and customer driven organization.

Reflecting on the concept, definitions, and types of culture discussed above, this study will use the term values, beliefs and behavioral norms to imply the organizational culture. Based on the concept of three levels of organisational culture, the three terms used are the interrelation of the *outward view of culture* and the *inward view of culture* as discussed by Bounds.

In this study, both the inward and outward views of culture will be critically investigated. It involved the study of the outward view of culture (ceremonies, communications, habits, management practices, physical arrangements and many others that are readily observable) and inward view of culture (beliefs, commitment, consensus, ethics, feelings, knowledge, mind-set, vision and values).

Since culture is the values, beliefs and behavioral norms of the people in the organization, changing from the present norms to another new way of life would be tedious as the members of the organization will have different sets of values that they bring into an organization.
Wilson (1992) and Bounds (1994) shared the same concern when dealing with the human factor in an organization. While managers are pursuing to achieve the organization’s purpose, they must acknowledge the realities of human nature especially in the process of transforming from one paradigm to another. Transformation requires change in the thought and actions of an organization’s members. Bounds added that:

The cultural view helps managers understand the causes of human behavior. To change the way people think and act, managers must understand how the thoughts, interpretations, expectations, and habits that people have are developed and maintained. This understanding gives managers insight into how to change them. (1994, p. 98)

Thus in this study, attempts to change the organizational culture from one paradigm into another is perceived to be more dynamic and challenging and will be based on the principle of the three levels of organizational culture as mentioned above.

The study will critically study the present situation of the inward and outward views of culture and explore ways of improvement through the use of the action research cyclical process of continuous improvement.

MARKET AND CUSTOMER DRIVEN ORGANIZATION

New shifts in businesses have forced most organizations into becoming a market and customer driven oriented organization as the world is getting boundariless. Doing businesses are getting more complex with uncertainty.

Day (1990), Webster (1994), and Chaston (1993), used the word market and customer interchangeably in their literature. They explained that today’s business is to be more customer-oriented as this is what business is all about. Webster quoted Drucker in Drucker’s book, The Practice of Management:

If we want to know what a business is we have to start with its purpose. ... There is only one valid definition of business purpose: to create a customer. It is the customer who determines what a business is. For it is the customer, and he alone, who through being willing to pay for a good or service, converts economic resources into wealth, things into goods. What the business thinks it produces is not of first importance --- especially not to the future of the business and to its success. What the customer thinks he is buying, what he considers “value,” is decisive ... Because it is its purpose to create a customer, any business enterprise has two --- and only these two --- basic functions: marketing and innovation. (1994, p. 6)

From the above, Drucker had a strong message that is, it is the customer who determined the success of the business. Hence, marketing strategies and innovations needed to be intensified to meet the demands of today’s customers.

Therefore, CMM which is striving to be the preferred human resource development and consultancy organization in the region, its marketing and innovations efforts must be seen as confirming into becoming an organization aggressively pursuing in expanding its market share of quality programs and services.
Day (1990) reasoned that there are intensifying forces that caused business organizations to shift their paradigm towards becoming a market and customer driven organization. The forces that he mentioned were:

- Markets are fragmenting, and traditional boundaries are blurring;
- Previously self-contained national markets are being transformed into linked global markets;
- Competitive advantages are harder to sustain as product life cycles shorten, and global competitors contest more markets;
- Supply gluts further intensify competitive pressures by giving customers more bargaining power;
- Customer relationships are changing as customers reduce the number of suppliers and information technologies permit closer links;
- New market opportunities are being created from demographic and life-style changes, technological changes, and rising environmental concerns; and
- Old organization arrangements are suffering at the hands of more agile, entrepreneurial specialists.

Thus, to be a market and customer driven organization, Webster suggested the importance of implementing the new marketing concept, acceptance of marketing in strategic decisions, issues on quality, the concept of relationship marketing, the concept of strategic alliances and network organizations, organizational culture and customer orientation.

Briefly, the new marketing concept is about the importance of satisfying the customers. It begins with the customers and ends with the customers. Marketing would have authority in product planning, production planning and inventory control, as well as the sales, distribution and servicing of the product. This will ensure that the customers need and wants are accounted for as marketing is regarded the frontline of the organization.

With this new marketing concept, CMM needs to be more attentive and skillful in listening to identify the needs and wants of the customers. Therefore, the rule of business is to be more accommodating and flexible in meeting the customers need.

Previously, marketing was not considered in the strategic decisions of the organization. Ansoff cited by Webster (1994), categorized marketing as merely an operating decision. Ansoff gave the examples of operating decisions of marketing as focusing on pricing, marketing strategy, setting production schedules and inventory levels, and relative expenditures for R&D, marketing and operations.

Now, marketing is considered the most important business function in the organization. Hence, marketing has always been the topic of discussion in the strategic decision of the organization. This strategic decision involves the issues of survival in the organization such as the expansion plan and growth of an organization.

Webster (1994) also discussed issues concerning quality. He defined quality as meeting and exceeding customer expectations. He named three forces which later become the Three C's of quality that drive customer expectations upward:

- The customer’s dynamic needs and wants;
- The company’s promise and delivery of superior performance; and
Webster elaborated that because of customer’s expectations keep on changing, the organization needs to be sensitive in delivering superior customer value. Superior customer value means that the excessive satisfaction that the customers obtained after using the products or services. An organization needs to be ahead in delivering superior customer value as the competitors are constantly striving for continuous improvement in their products or services offered. He added that organization cannot afford to promise and promote new, improved, better products and services. What organizations need are to add value proposition that deliver value as perceived by the customer. In other words, the organization must be customer-centred.

Again in this context, CMM is expected to deliver superior value that surpassed the superior value rendered by its competitors. This is likely possible as CMM has the facilities and resources to be proud of in Sarawak. Furthermore, through its parent company, Yayasan Sarawak, CMM will always get strong support from the state government.

The concept of relationship marketing in brief is about creating a long-term relationship with the customer. Webster believed that long term relationship will create repeat customers that can benefit the organization.

The concept of strategic alliances is an effort to pull together the resources of two or more partners with the intention to create a tangible result and enhance the partners’ competitive positions. On the concept of network organization, Webster explained that, an organization needs to constantly define how it can participate with multiple partners in the development and delivery of superior value to customers.

To another related topic of interest, Webster (1994) in discussing organizational culture and customer orientation, deliberates that it is an effort to shift organization’s members mind-set to gradually adopt values, beliefs and behavioral norms which emphasize the importance of the three constructs namely, customer orientation, competitor orientation and inter-functional co-ordination. To change this mind-set, it is important to know what are the components under these three constructs.

Components of customer orientation include customer commitment, creation of customer value, understanding of customer needs, customer satisfaction objectives, measurement of customer satisfaction, and after sales service.

The components of competitor orientation include sharing of competitor information by salespeople, rapid management response to competitors’ actions, discussion by top managers of competitors’ strategies and targeting opportunities for competitive advantage.

Knowing these components of the three constructs will assist an organization’s members to be prepared with the requirements of doing business in the future.

The components of inter-functional co-ordination are inter-functional customer calls, information shared among functions, functional integration in strategy, contributions to customer value from all functions, and sharing of resources with other business units.

Towards the end of his discussion on market driven, Webster (1994) suggested 15 guidelines to implement the new marketing concept which is applicable in this study:

1. Create customer focus throughout the business
2. Listen to the customer
3. Define and nurture your distinctive competencies
4. Define marketing as market intelligence
5. Target customers precisely
6. Manage for profitability, not sales volume
7. Make the customer value the guiding star
8. Let the customer define quality
9. Measure and manage customer expectations
10. Build customer relationships and loyalty
11. Define the business as a service business
12. Commit to continuous improvement and innovation
13. Manage culture along with strategy and structure
14. Grow with partners and alliances
15. Destroy marketing bureaucracy

Market driven can then be summarized by Webster (1994) as:

To be market driven implies more than to be simply customer driven, and it requires more than customer orientation. While customer orientation remains as the prime idea within the marketing concept, to be market driven also means being fully aware of competitors' products offerings and capabilities and how those are viewed by customers. It means understanding the intersection of customer needs and company capabilities in the context of competitors' product offerings as these three things come together in the customer's definition of value. To be market driven requires that all decisions making is informed by customer information, competitive intelligence, and a clear concept of the company's value proposition.

Having considered the concepts and definitions of market or customer driven as discussed above, this study would consider the infusion of the three constructs; customer orientation, competitor orientation, and inter-functional co-ordination into organizational culture.

TRANSFORMATIONAL CHANGE

Wilson (1992), explains that the subject change is often transient, intangible and appears to be a process. He cited Wilk's (1990) argument that:

Change is not a process, nor is it ever a task, operation, performance or activity... the mythical view of change as taking time to occur can give us a part of the traditional picture in which change, however revolutionary and even dizzyingly swift, is seen as actually happening gradually, step by logical step, rather than occurring by means of an all-or-none leap.

It is thus important to pursue change as to remain status quo in the organization's business orientation will not be a desired mean of achieving the goals of the organization. Organizational behavioral change would be the most important element in the organizational change as it involves the values, beliefs and behavior of the individual in the organization.
Wilson (1992) further believed that organizational development and behavior modification represent the two major approaches to implementing organizational change through individuals. He mentioned that organizational development models are based on the principle of achieving consensus and participation between individuals in an organization.

On behavior modification, Wilson (1992) explained that it is a normative essence of the wider concept of motivation, reward, learning and organizational culture. He stressed that in behavior modification, three steps should be adopted by managers:

Step 1: Managers need to articulate a vision of which kind of organizational culture they want (based upon available models of culture and upon the assumed strategic consequences of a specific cultural-environmental fit).

Step 2: Managers need to persuade individuals in the organization to buy in to the desired culture that is, involving many individuals to conform with the behavior which is in line with the demands of the culture (e.g. the expected style of management, behavior, dress, etc).

Step 3: Managers need to ensure that the technique of behavior modification is put in place to achieve the change process that is, to reinforce those types of behavior which are appropriate and to dissuade individuals from adopting behavior which is in contrast with the intended desired culture.

Wilson has emphasized the importance of individuals and their behaviors in the change process. As each individual has different set of values, beliefs and behavioral norms in an organization, change will take time to occur. This is definite because change means enforcing opposing values, beliefs and behavioral norms to those individuals. Individuals perceived things differently thus satisfying every one in an organization is an almost impossible task to achieve.

Hence, in most organizational situation, one of the ways that managers do to satisfy the majority of the organizational members is to enforce incremental change that affect the values, beliefs and behavioral norms of the individuals. Incremental change is a simple change that concentrates on some aspects of organizational change normally decided at the top and pushed rapidly as possible through out the organization. Example: Staff movement within departments in an organization is only seen to create multi-skilled staff in an organization. It is also called evolutionary change. If this type of change become the practice, then the organization would not be able to catch-up with the pace of the environment change.

Nevis et al (1996, p. 12), mentioned that organizations' of today required a complex series of interlocking, overlapping, and interdependent paradigm shifts. He therefore suggested that organizations adopt a transformational change. He elaborated that:

In essence, organizational transformation is the creation of a new organizational reality. As such, it requires changing not only the practices, policies, behaviors, and structures but also the underlying mental models, meanings, and consciousness of the people involved. To do this requires that management engage organizational members in a process of re-socialization. ...Defining organizational transformation as the creation of a new social and organizational reality clearly requires a dramatic
shift in thinking, from organizational reality as that which exists and changes in the consciousness of people.

Nevis et al then explained that transformational change does not suggest that one can or should change the whole all at once. Instead he recommends that the actual process of transformational take place in successive phases (traditional phase, exploratory phase, generative phase, and internalization phase).

Like Wilson, Nevis also recognized the principle of achieving consensus and participative approach in this transformation change of organizations. In this organizational transformation, it requires the interactions of people, creating common and shared understandings of individuals.

Nevis et al (1996, p. 27) regards transformational change of an organization as the process of human socialization in the society:

In organizational context, socialization is an interactive learning process in which the individual is encouraged or pressured to assimilate the organization’s objectives and to accept the organization’s definition of reality.

In addition to the above interactive learning process in socialization in the organization, Nevis et al has identified four major phases of an organization’s transformational change, namely, traditional phase, exploratory phase, generative phase and internalization phase. See figure 2.2 below.

The traditional phase is still a reliance on traditional problem solving approaches, adaptive and reactive behaviors. As time goes by, there is an increasing awareness of the gap between the performance needed to meet competitive business demands. At this stage, some executives begin to educate themselves about the alternatives that can be developed. Arising from this, executives recognized that the old paradigm is preventing the organization from moving forward. At this point, the organization shifts into the exploratory phase.

Under this exploratory phase, much sincere discussions about the new behaviors occur, but implementation is still questionable. Basic assumptions are questioned and more participative processes are emerging.

As the exploration continues, some parts of the organization move into the generative phase. There are open communication and empowerment. Organizational members are now more willing to experiment with radical new ways of doing things. At this stage, some process parts under the generative phase may slip back into exploratory phase while some may pursue its journey to the next phase, internalization phase.

Having recognized collaboration as the standard of operating procedure or the way we do things here, the organization moves into an internalization phase:

... people have become more comfortable with ambiguity and change, and at this point the focus on learning, on taking in disconfirming information, and on experimentation creates a new gap between the desired and actual performance, and the cycle begins again — until an acknowledgement of the need for a more paradigmatic shift emerges and propels the organization back into the exploratory phase.