EMPLOYEES' PERCEPTION AS RECIPIENT TO CHANGE IN
MALAYSIA MARINE AND HEAVY ENGINEERING
SDN. BHD. (MMHE)

BY

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Project Paper Submitted in Partial Fulfillment of the Requirement for the Degree of
Master of Business Administration

Open University Malaysia
(2007)

ABSTRACT

his research will investigate employees' perception as recipients to change in Malaysia arine and Heavy Engineering Sdn. Bhd. (MMHE). It will do so by seeking to understand d represent their views regarding influences effective change processes. The significance of is research is to focus on employees' perception and the managements' roles on the change. will be conducted at a grass-roots level seeking to provide a voice for those least often ard or asked.

e research will focus by using 120 participants from MMHE employees who have been rking for more than 3 years. Interview was also conducted with the top management and randomly picked employees.

e study offers the following conclusions which were to develop the perceived needs and tegies for the implementation of change from the employees' perspective. Second, this earch also studies on the ingredients for success in implementing change as employees sees The third objective was to see the factors that influence the acceptance of a change event.

e findings and conclusion also raised additional research questions, some possible areas recommendations for future research.

ABSTRAK

Kertas kerja ini membuat kajian mengenai andaian para kakitangan MMHE terhadap perubahan yang berlaku di syarikat tersebut. Kertas kerja ini juga akan mengkaji cara perubahan yang efektif dan perasaan kakitangan MMHE terhadap perubahan tersebut. Ia juga mengaji tanggungjawab orang atasan terhadap perubahan tersebut.

Kajian ini akan dilangsungkan terhadap 120 orang kakitangan MMHE yang telah bekerja lebih daripada 3 tahun. Sesi Temuramah akan juga diadakan dengan orang atasan dan juga dengan kakitangan MMHE yang dipilih secara rambang.

Kajian ini telah memberi kesimpulan seperti pendapat kakitangan MMHE terhadap perubahan yang berlaku. Kedua, kajian ini juga telah mengaji faktor yang membuatkan perubahan tersebut Berjaya. Ketiga, kajian ini meneliti faktor yang membuatkan kakitangan MMHE menerima perubahan tersebut.

Faktor faktor tersebut telah membangkitkan lebih banyak soalan terhadap kajian ini dan cara membuatkan kajian ini lebih bagus dan teliti untuk kajian seterusnya.

ACKNOWLEDGEMENTS

The completion of this Project Paper 1 and Project Paper 2 has required the great effort, knowledge, and time of many people.

First of all, I would like to thank my trusted Lord who is always with me and has granted me wisdom, prudence, competence, opportunity, and a wonderful group of people to surround me.

I would like to thank my advisor, Dato Dr Kuddus, for his teaching and training in my academic study of organization and Business Management, for his guidance throughout the research process, his excellent guidance on research methods throughout the dissertation process

Finally, I would like to thank my beloved family, father, mother, brother and my husband, for their great support, holy prayer, great encouragement, and understanding. Without God and these people this project paper could not have been completed.

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CHAPTER 1

INTRODUCTION

The Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), formerly known as Malaysia Shipyard and Engineering Sdn Bhd (MSE) began its operations with ship-repair work on Japan lines ships. Since then the shipyard has undertaken repair work on vessels. Although associated mainly with ship-repair in the initial years, MMHE has since diversified into other areas, such as ship-building and heavy engineering works for onshore and offshore projects.

MMHE was a government joint venture outfit until it was privatised in 1991 and is now owned by a consortium of three companies; Malaysia International Shipping Corporation (MISC), Kuok Brothers Sdn Bhd, and International Maritime Carriers Enterprise Incorporated. Its total commitment to quality has placed the company among the prestigious few to be accredited with the ISO 9001 and ISO 9002 Quality Systems Standard.

MMHE will work on its strength in marine repair, marine conversion and shallow water structures. As a leading solution provider in the oil and gas sector, MMHE aims to be a centre of choice for the construction of deepwater facilities, dry docking of large liquefied natural gas (LNG) tankers, marine conversion to floating platform storage and offloading (FPSO) and floating storage and offloading (FSO).

Over three decades of dynamic evolution, MMHE have forged a strong foundation in the marine and heavy engineering industry with the necessary capabilities and advanced facilities to meet the increasing demand of their customers. MMHE have been long involved in a wide spectrum of oil and gas engineering and construction works, and today MMHE have reached an important juncture in their transformation. Driven by a new business thrust, MMHE are taking on a new and expanded focus on supporting the fast growing marine and heavy engineering needs of the oil, gas and related industries.

In March 2004, Malaysia International Shipping Corporation Bhd (MISC), a subsidiary of Petronas increased its shareholding in MMHE to 65%, making it the majority shareholder of the company. This offers tremendous and valuable synergistic opportunities for the company to expand its service offerings in the areas of oil and gas shipping and marine engineering. To better reflect their new thrust and the broader scope of marine and heavy engineering activities that they are embarking on, they have now assumed a new name (MMHE) and corporate identity.

As a leading enterprise in marine and heavy engineering for oil and gas construction, MMHE has manpower strength of 1440 permanent staff with diverse skills and expertise. MMHE employees are their greatest asset, providing them with the invaluable competitive edge. MMHE provides continuous training and learning opportunities, both technical and non-technical to enhance employees' capabilities and expertise.

1.1 Background of the study

Change within an organization is normal with speed and frequency increasing due to the pressures of internal and external demands (Arnold, 2001). The need for change is necessary and the ability to implement change is crucial. "In the future.... the executives who will be able to lead their organisations through these changes will be the ones to survive and prosper" (Robert, 1991, p.1). The failure rate of change efforts has been estimated to be as high as 50% to 70% (Beer & Nohria, 2000; Ford, 2000; Hammer & Champy, 1993; Matta & Ashkenas, 2003; Moosbruker & Loftin, 1998; Reynolds, 1994; Schiemann, n.d.; Wexler, 2001). In an effort to combat this failure rate, research has been focusing on the human side by investigating behaviours associated during organisational change (Dooly, n.d.; Ford, 2000; Holder, 2002; Johnson, 2001). Identifying these behaviours and understanding how individuals' transition through them could be crucial for the success of change. The perceptions of employees as recipient contribute to the phenomenon of organisational change as a whole.

Traditionally, the emphasis in organisational change has been on creating stability and minimising change (Weisbord 1976, Stacey 1996). Somehow, organisations can not cope with this method as in the world of modernism and competitiveness, most organisations would suppress people's emotions and behaviour and emphasize mostly on extreme division of labour and control systems (Clarke 1999).

The purpose of the research is to demonstrate that the employee as the recipient to change, they are fundamentally involved in and capable of analysing the effectiveness of the change process. The aim is also to investigate what employees perceive to be effective or ineffective strategies and actions throughout management endorsed change event. This is based on their own formulation and observation which is a greater contribution to the research. Since employees have been in MMHE for more than 10 years, the changes have a major impact on them positively and negatively.

I was motivated to conduct this study because as an employee myself, I had tremendous ups and downs facing the change that has happened in MMHE. I merely want to research on the perception of the rest of the employees to gather their feedback on the reaction towards the change that they have gone through. The changes that happened were towards the technology, structure and people. In technological matter, new purchased equipment and the usage of computer system in all process that could assist the production cause old timers had difficulty handling them. Besides that, the organization structure change such as the reporting method where subordinate had problems dealing with their superior in many occasion. In people change, employees were suddenly exposed to the new environment and had to change their mind set in order to adapt to the change situation.

1.2 Research Problem

Organisation change today almost defines as a single activity. Instead, it is more easily described as a social phenomenon. (Nadler & Tushman 1995). As the research topic spells out, it sought to support MMHE's employees' perception as the recipient of change.

There are various approaches to change management that aim to assist employees during change. Somehow, change can be grieving if managers do not understand which approach works better and the actual needs of an employee. Organizational leaders implementing change may be vibrant in some areas but lack in other areas. It is then better to understand the behaviours of employees which would future enable management to assist employees during the change process. Therefore the topic of the study was to study and gather the perception of employees. The gathered interpretation and observation from the research would be transformed into research questions and objectives.

The research questions related to this research are:

1. What are the perceived needs and strategies for the implementation of change from the employees' perspective?

2. What are the ingredients for success in implementing change as employees sees it?

3. What factors influence the acceptance of a change event?

1.3 Objectives of the Study

The guiding research objectives are to:

1. identify the role of employees to change management

2. identify the involvement of employees to change management

3. identify the expectation of employees to change management

4. identify the theories of change management

5. identify the change agent's expectations

6. Identify the role of change management to change management.

1.4 Significance of the Study

This study attempts to identify the behaviours during organisational change and map them to each phase of the process. The significance, when negative should bring management to new levels of understanding. It builds on and supports the previous theoretical foundations and existing procedures being developed for further studies. When management have a concrete map on the behaviours of the employees, it would easily assist them on understanding what employees are experiencing during the organization change process.

Once managers understand the employees' experience, this broaden understanding would make managers to increase communications, provide better planning, make

the transition easier by recognizing the phases of the grieving process involved and develop copied theories.

This study will help MMHE managers become better leaders during all stage or organizational change. By relating the result of the employees' perception to organizational change, management will be able to recognize and assist MMHE employers towards a smoother transition.

Finding new ways of looking at change process and employees' perceptions may bring new understanding on reducing the high failure rate of implementation and adopting change.

1.5 Definition Terms

In an effort to avoid using any of jargon or trade vocabulary, such terms will be defined within the text. Central to this study are the following terms:

Behaviour:

For the purpose of this study behaviour refers to the identified behaviours and feelings exhibited by an employee when experiencing the changes that happen to an organization.

Organizational Change:

Refers to any change an organization would make such as, but not limited to, technological, structural, location, procedural, or policy.

Recipients of change:

The individual employed by the organization that is going through change and directly involve with the change.

Employees:

Those individuals who reported to managers and were not responsible for the supervision or management of others.

Management:

A general term used to encompass the CEO, executives and all organizational members with staff supervisory or coordinating responsibilities.

1.6 Limitations of the Study

Several limitations will be inherited in the project paper. My project paper will have limitations in inquiry due to lack of rigor, provide less scientific generalization, tend to take too long, and often result on quantity of unreadable document. Besides that, this case study will be conducted on the organization where I am working. Although this will provide to access to both the past data and the rest of the employee, it could also result on my own perception and experience to potentially affect the interpretation of the actual research data.

Besides that, as I am part of the employee, my colleagues would try to please me by not being truthful and objective for the purpose of this research. They might also feel that by participating in this research, the confidentiality is not retained and this might affect their image in the organization itself. However, care is taken to overcome that in my explanation to them.

CHAPTER 2:

LITERATURE REVIEW

The objective of this chapter is to present the understanding of organization change within which MMHE operates. The literature review defines change, outlines types of change the organization is going through, presents steps and strategies of change, resistance to change and employees as the recipient to change. The chapter presents links between these issues and organizational theory.

2.1 The Reason to Change in MMHE.

The phenomenon of change within an organization is never new. In management books and journals on history of management and organizational life has fills with issues on organizational change. This would include change management practices, developing new techniques of implementing change and dealing with employees' behavior when implementing change.

Since early 1970s literature has emerged proposing that our world and the world of work, both internally and externally are about to change (Toffler 1970, Emery 1975, Waterman 1987, Naisbitt and Aburdene 1990). Long before this, the desire to increase productivity and profits and to improve operational processes were seen to shape the emergence of new theories.

Somehow the challenges we are now facing is different. A globalize economy is creating both more hazards and more opportunities for everyone, forcing firms to make dramatic improvements not only to compete and prosper but also to merely survive. Organization change primarily because of external pressure rather than internal desire to change. All organization change is triggered with the perception or experience of environmental threat, loss or opportunity. To conclude, change is needed when current performance and the way of operating business is no longer on a equivalence with the requirements from inside the company or with the environment and the competitive situation.

MMHE went through the change due to the business operation previously needed to be changed because of a number of reasons including; responding to a changing environment, beginning a new venture with Petronas, preparing for the future as the leading marine and heavy engineering of choice, improving performance in order to have excellent quality and safety and as a response to the new legislation. Besides that MMHE had to shift cost and/or risk, fight for market share and to maximize shareholder's wealth.

As a result, with the shift in industrial structures, technological innovation, macroeconomic trends, regulatory and legal changes, market and competitive forces, and growth (Nadler & Shaw 1995) there was a snowballing effect of this single change event into a series of change. Therefore, in order to survive in the market and futures, MMHE had to review their current practices and adopt new ones.