

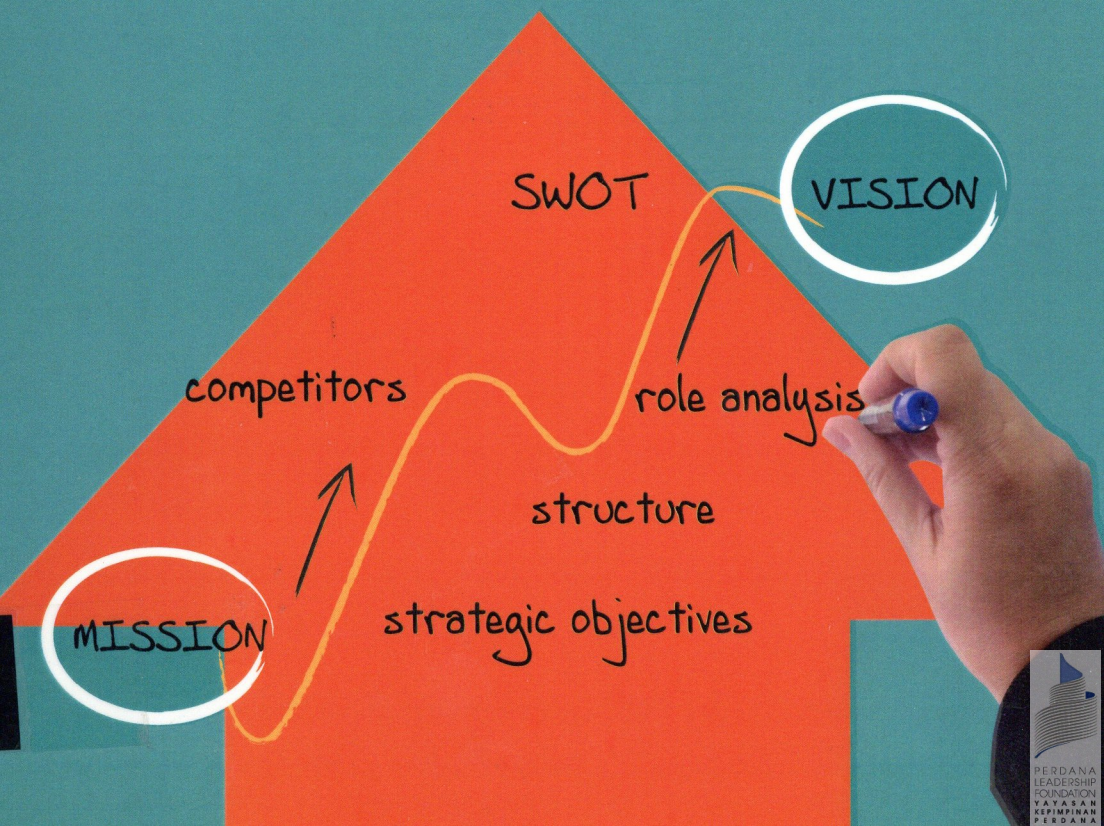
ORGANISATIONAL TRANSFORMATION

Concepts and Implementation Techniques

MUSA ALI

Forewords by

James L. Perry and Carmine Bianchi





ORGANISATIONAL TRANSFORMATION

Concepts and Implementation Techniques

Forewords by James L. Perry and Carmine Bianchi

MUSA ALI

PENERBIT
USM

PENERBIT UNIVERSITI SAINS MALAYSIA
PULAU PINANG

in collaboration with






PUSTAKA PERDANA



1013242



Buy at www.karyausm.my

-  www.penerbit.usm.my
-  penerbit@usm.my
-  PenerbitUSM
-  PenerbitUSM
-  penerbit_usm

Translated from *Transformasi Organisasi: Konsep dan Teknik Pelaksanaan* by Musa Ali,
published by Penerbit USM, 2015

© Penerbit Universiti Sains Malaysia, 2017
Reprint, 2019 (hard cover)

Pustaka Negara Malaysia

Cataloguing-in-Publication Data

Musa Ali

Organisational transformation : concepts and implementation
techniques / Musa Ali.

Includes index

Bibliography: page 85

ISBN 978-967-461-067-8 (soft cover)

ISBN 978-967-461-095-1 (hard cover)

e-ISBN 978-967-461-072-2

1. Organizational change. I. Title.

658.406 HD58.8

Typeset in Minion Pro

Copy Editor: Alimie Liman

Cover Designer: Intan Suhaila Kassim

Proofreader: Noor Sheela Suratman

Typesetter: Rosni Habib

Diterbitkan oleh Penerbit Universiti Sains Malaysia, 11800 USM Pulau Pinang, Malaysia.
Ahli Majlis Penerbitan Ilmiah Malaysia (MAPIM).

Printed by Sinaran Bros. Sdn. Bhd., 5-3-18 The Promenade, Persiaran Mahsuri,
11950 Bayan Baru, Pulau Pinang, Malaysia.

658.406

Contents

Foreword by James L. Perry	vii
Foreword by Carmine Bianchi	ix
Preface	xi
Chapter 1 Organisation and Transformation Demands	1
Chapter 2 Key Thrusts, Elements and Factors for Successful Transformation	10
Chapter 3 Transformation Framework	18
Chapter 4 Linking Organisational Direction to Individual Tasks	32
Chapter 5 Job Evaluation and Organisational Restructuring	46
Chapter 6 Competency Development	57
Chapter 7 Role of Motivation	66
Chapter 8 Transformation Communication Plan	72
Chapter 9 Institutionalising Transformation	77
Appendix	83
Bibliography	85
Index	89



Foreword by James L. Perry

Change is a constant of organisational life. The evolving environments of organisations and organisations themselves are in constant flux. Contributors to popular media trumpet a litany of forces driving change. Globalisation – the combination of international economic influences and eroding traditional local norms – is often at the top of the list. Increasingly assertive citizen demands on governments and the elevated stakes of government action in the modern world, especially for developing countries, is another driver. Digital technologies and social media complement globalisation and citizen-expectations escalation. Change is real and may be accelerating.

Although change may be a constant of organisational life, transformation is not. Organisation members and leaders often fail to anticipate and to act intentionally to direct change in ways that improve organisational functioning. Opportunities to increase an organisation's capacity to behave more efficiently and effectively are lost.

It is the relationship between change and transformation that makes this an important book. As the book's author, Musa Ali, notes in its opening chapter, change and transformation are interrelated and complement one another. Unfortunately, the “perturbations” that ripple out from change, like waves across a pond, are often not accompanied by the proactivity that is at the centre of this book's message. Transformation is often what we associate with the proactivity that is necessary for virtually all organisations in coping with changes stemming from the developments I refer to above.

Musa Ali has crafted a book with much to admire. It is credible, accessible and readable. Part of the book's credibility is that the author brings a good deal of experience studying, teaching and practising transformation. As Director of the Centre for Innovation and Productivity in Public Administration, housed at Universiti Sains Malaysia in Penang, Musa Ali has been engaged in transformation, both in Malaysia and internationally.

The book is grounded in sound theory and concepts, drawing from newly-developed concepts and theory, and also classic theory that has stood the test of time from icons like Kurt Lewin. Musa Ali also integrates traditional personnel methods, most prominently job analysis and job evaluation, into the transformation framework he presents.

As I note above, this book is accessible and readable, which give it an advantage for those seeking to use it to advance their transformation agendas. The book's attention to implementation is laudable. Each chapter begins with an introductory scenario to help readers frame the importance of the issues presented in the chapter. Many of the chapters include insets for managers who themselves are confronting various issues related to transformation to work through their ideas and action plans. To reinforce a chapter's message, summaries appear at the end to reinforce key ideas and points from each chapter. The book ends with an appendix featuring an organisational transformation checklist to again reinforce the agenda for organisational transformers.

I am particularly pleased that Musa Ali gives significant attention to motivation, including public service motivation. Transformation often requires leadership from individuals committed to ignoring the immediate calculus of their actions who can look to the higher purposes served by their effort. Recruiting and engaging individuals pursuing others' interests can facilitate difficult transformation work.

This book will be a welcome resource for many managers who want to be proactive in leading the transformation of their organisations. But let's be clear – the book is only a resource in the hands of managers who aspire to lead successful transformation. My hope is that those who pick up the book will become proactive as a result of what they realise they can accomplish with the sound direction Musa Ali's book offers to them. Transformation is difficult work. This book will make the work less difficult for those who heed its advice.

JAMES L. PERRY

Distinguished Professor Emeritus

School of Public and Environmental Affairs

Indiana University Bloomington, USA

Foreword by Carmine Bianchi

This is a book about life. For both human beings and organisations, transformation is a natural process characterising the gradual changes in the states of people, groups and the institutions through which they aim to satisfy different stakeholder's needs.

Likewise for individuals, organisational transformation (i.e. change) cannot be avoided or ignored, since it is part of life. Though preserving organisational structural settings (in terms of both tangible and intangible structures and processes) might be a deliberate strategy adopted by policy makers, change from internal and external variables always affects an organisation's life and performance. Therefore, managing transformation – i.e. being aware of its role in affecting organisational results and planning actions aimed to act on the variables impacting on it – is vital for organisational success, sustainable development and endurance.

Both inertial/gradual and major transformation are relevant in this regard. Planning organisational transformation means identifying patterns of change in the short and long run to manage, in order to: (1) counteract organisational dysfunctions that might develop into pathologies, or (2) take advantage of strategic opportunities that may foster organisational success, or (3) undertake major restructuring processes, aimed to fix major crises, or (4) preserve the current organisational profile, through marginal adaptations to organisational strategic resource endowment and deployment.

Particularly when organisations operate in complex and dynamic settings, generating unpredictability, planning and managing transformation must be an intelligent process, leading to organisational learning and communication. Hence, organisational transformation needs coordination, consistent design and implementation. This should not be conceived as a mechanistic or procedural activity. Proper methods and tools are needed to successfully implement effective transformation, leading to sustainable organisational development and endurance.

This book provides clear insights, methods and tools to design and implement effective organisational transformation. Its clear and simple writing style makes the book ideal for both beginners and practitioners in different organisational settings and industries.

CARMINE BIANCHI

Professor in Business and Public Management
University of Palermo, Italy



Preface

A proactive organisation is one with a ready plan to make changes for the better. A competitive environment, which can even be hypercompetitive at times, requires an organisation to transform itself to ensure that it remains relevant and competitive.

In order to support and ensure that the transformation agenda can be implemented effectively, the organisation must take the necessary steps so that its direction and strategies are in accordance with the changes in its internal and external environments. Any change to this strategic direction should be supported by an action plan. Such a plan may include reviews and changes in the scope of tasks, structure, values and attitudes as well as competencies to ensure improvement in the performance levels of its personnel. These changes can be achieved through proper planning together with appropriate strategies for their timely execution in order to address future challenges.

The fact remains that there is no one absolute approach that can be used by all organisations in designing and implementing the transformation agenda. This is because organisations generally have their own systems, processes, and culture that are unique to them. This book serves only as a guide in the designing and implementation of the transformation agenda. It attempts to capture some of the approaches and human resource management techniques used by organisations in the implementation of their transformation agenda.

This book uses the case or scenario approach, which is given at the beginning of each chapter, followed by a description of its concepts and implementation techniques. Chapter 1 discusses the definition, change model and dimensions of transformation. The discussion continues in Chapter 2, which covers the thrusts, elements and key factors that determine the success of transformation of the organisation. Chapter 3 describes the transformation framework and the techniques that can be used to develop a strategic action plan for transformation.

Chapter 4 discusses the challenges of transformation, namely how to link the organisation's mission with individual tasks. Chapter 5 discusses the impact of transformation which will result in, among others, changes to the scope of work as well as organisational structure based on analyses made. Chapter 6 discusses the development of competencies within the organisation to ensure that personnel are trained and equipped with the necessary skills and knowledge in accordance with the direction of the organisation.

Chapter 7 discusses the intrinsic and extrinsic elements of motivation. It also discusses the motivation of the civil service. Chapter 8 describes the importance of a transformation communication plan and lastly, Chapter 9 discusses how transformation should be institutionalised so that it becomes the culture and values practised by organisational personnel.

This book would not have materialised without the support of various parties. Special thanks to Nicholas Johnston and Sandra Walton of Educational Competencies Consortium, London for their contribution to Chapter 4 and 5. I would also like to thank Professor Dato' Dr Muhamad Jantan (USM), and Mohamed Altoibi (Ministry of Health, Saudi Arabia) for their views on the framework of the book and the sharing of transformation experiences in their respective organisations.

Since the successful release and widespread readership of the original Bahasa Malaysia edition of this book in 2014, work was done in 2016 to update and translate the content into English. This latest update of the book would not have materialised without the support and contribution of various parties. In particular I would like to express my sincere thanks and appreciation to the participants of the Organisational Transformation Through Integrated Governance (TUBE) course, which I have been organising since 2013, for their feedback.

Thanks also to Mr Mohd Jefri Abu Bakar and Ms Yusnida Mohamed Tajuddin from the Centre for Innovation and Productivity in Public Administration (PIPPA) for typing the initial drafts of this book. My grateful thanks are also extended to Ms A'watif Ahmad, Ms Alimie Liman, Ms Intan Suhaila Kassim, Ms Noor Sheela Suratman and Ms Rosni Habib from USM Press for seeing through the publication of this book.

Last but not least, a special thank you to my wife, Zurida Aziz and son, Muhamad Amirul Solihin, who have been my source of inspiration in the writing of this book, and to my parents, Haji Ali and Hajah Norma, who have never failed to pray for the success and well-being of their son and family.

MUSA ALI

Centre for Innovation and Productivity in Public Administration

Universiti Sains Malaysia

Penang, Malaysia

2016



Organisation and Transformation Demands



Scenario

The top management of organisation A plans to implement a transformation agenda in the organisation. However, many of its personnel feel that it is sufficient to remain focused on existing programmes due to the many challenges the organisation will have to face in designing and implementing transformation.

Enhancing performance is a key goal of any organisation around the world. Successful organisations understand that improving service delivery requires implementing the right talent management strategy. In this regard, most people have spoken about or at least heard of the term ‘transformation.’ In the context of the civil service, administrative transformation generally refers to the changes made with the aim of improving the quality of service delivery to its citizens. This includes providing facilities or infrastructure for the well-being of the people. The transformation programme is also expected to facilitate efforts to achieve national development objectives. In order to achieve this, the transformation of public administration is carried out not only by the federal agencies alone but also by the implementing agencies, including the departments, divisions and units of government agencies.

However, the question that often arises is how and where the transformation agenda of the implementing agencies should begin as some transformation programmes may also require a restructuring agenda and a change of personnel. This is not to say that neither is important, but that perhaps there are other matters or elements that need to be looked into before carrying out the restructuring process. In this case, the basic framework for the implementation of the transformation agenda should first be established as a general reference for the implementing agency so that it is able to carry out the transformation process smoothly and systematically. This will ensure that the transformation agenda of the federal agencies is aligned with implementing agencies.

Definition

An organisation can be defined as a social unit consisting of individuals who work in co-operation and depend on one another to achieve a goal. In general, it is also an open system, the development of which is influenced by internal and external factors.

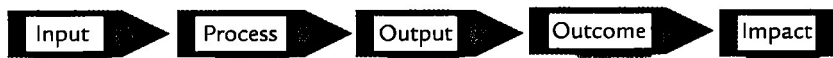


Figure 1.1 Input-impact relationship

Figure 1.1 shows that organisations have a number of basic components such as input, process, output, outcome and impact. It is the relationship between the elements that make up effective organisations. If an organisation focuses on efficiency, it will emphasise on the output such as the quantity that can be generated within a specific timeframe, whereas an organisation that focuses on outcome and impact will emphasise on the effectiveness of a programme to its target group.

The term transformation is derived from the prefix ‘trans’ and the word ‘form’. ‘Trans’ means across or beyond whilst ‘form’ means the resulting shape or form.

The combination of the two terms gives rise to the word ‘transformation’. Transformation means change in the nature or function of a thing. Transformation comes about through attempts to change something for the better or making it more competitive. Such efforts are carried out not only to ensure the survival of the organisation but also to improve the efficiency and effectiveness of the organisation in delivering better services or products.

Although some may regard transformation as being different from change, in practice, the two terms are interrelated and complement each other. In this regard, this book does not distinguish between the two as both are closely intertwined in terms of implementation.

Organisation and Change

A competitive, or at times hypercompetitive, environment demands that an organisation undergoes change. Thus, organisations need to accept the fact that change will allow the organisation to continue to survive. There are various approaches used by organisations to deal with change.

Some organisations are reactive to change. This occurs when the organisation waits to see what happens and replicates the approach taken by other organisations. This includes changes in the systems and procedures to enable the organisation to remain competitive. This approach is also known as 'outside-in', i.e. the deciding factor for change in an organisation comes from external change.

However, there are also passive organisations that do not take any initiative to change in response to what is happening inside or outside the organisation. These organisations may eventually lose their competitive edge and be unable to adapt to meet the shifting demands of change.

High performing organisations manage change proactively. This is done by ensuring that the changes are planned properly and by being proactive at all times. This means that the organisation plans the changes by using the 'inside-out' approach. Such an organisation will not indiscriminately replicate what other organisations do but will act accordingly with full knowledge to ensure that the goals and direction of the organisation can be achieved in the most efficient and effective way.

Figure 1.2 shows a conservative cycle that usually occurs in an organisation that is complacent about its current performance. This situation leads to hazy objectives as the organisation does not take the initiative to review its direction or strategies. This in turn causes all activities in the organisation to be in status quo. Eventually, this will cause the emergence of performance gaps that affect the overall performance of the organisation.

A transformation cycle develops when the organisation is driven by the aspiration to set goals and put in place appropriate strategies to achieve them. This in turn will drive improved performance of its personnel as well as the organisation as a whole.

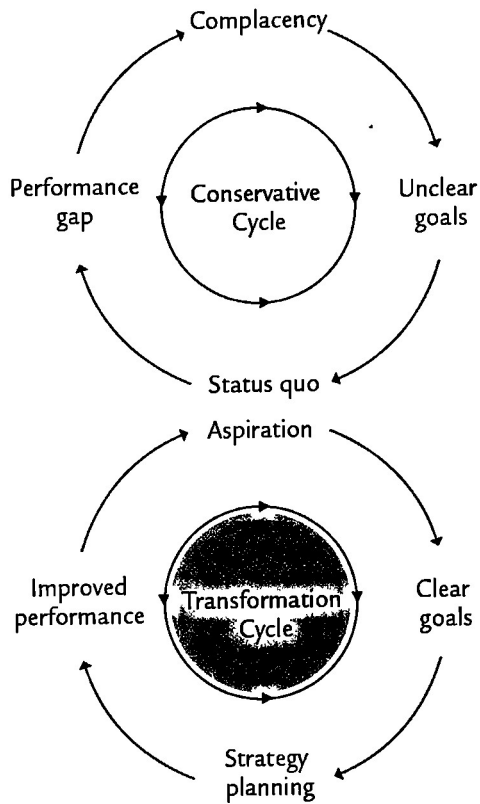


Figure 1.2 Conservative and transformation cycles
 Source: Extracted and adapted from Perry and Sherlock (2008)

Demands for Transformation

Various factors drive the transformation process in an organisation. Generally, these can be classified as external or internal factors. External factors consist of the following elements:

Economy

In order for an organisation to remain competitive, it needs to be sensitive to economic changes. This includes elements of the business cycle, reduction in interest rates, foreign exchange rates, asset values, inflation, rates of taxation, and economic policies adopted domestically and internationally, which may affect the direction of an organisation.

Politics

Political changes include change in the political leadership of a country, change in policy to meet the demands of the public, and adaptation of policies to suit a dynamic environment.

Socio-culture

Socio-cultural change can be detected through population profiles, levels of education and the urbanisation process.

Apart from external factors, internal factors too can affect the implementation of transformation in an organisation. Among the internal factors that may affect the transformation of an organisation are:

Resources

Resources include financial allocations, capital and human resources. Changes in resource composition may cause the organisation to adjust its internal mechanisms through more efficient management.

Organisational structure

Transformation may also occur when the organisation undergoes a restructuring process. This measure may be undertaken to re-align the organisation with its leadership style and also as a result of changes in the organisation's strategic goals.

Technology

Technological change is also a cause for transformation within an organisation in order to ensure that the organisation remains competitive and to improve the quality of service or product delivery to its customers.

Leadership

Change in leadership style is among the internal factors that can lead to the occurrence of a transformation process. This change serves to maximise the use of available resources to achieve organisational goals through a more efficient and effective means.

ORGANISATIONAL TRANSFORMATION

Concepts and Implementation Techniques

A very welcome exploration of modern management practice, providing a thorough but readily accessible and highly practical guide to transforming organisations through people.

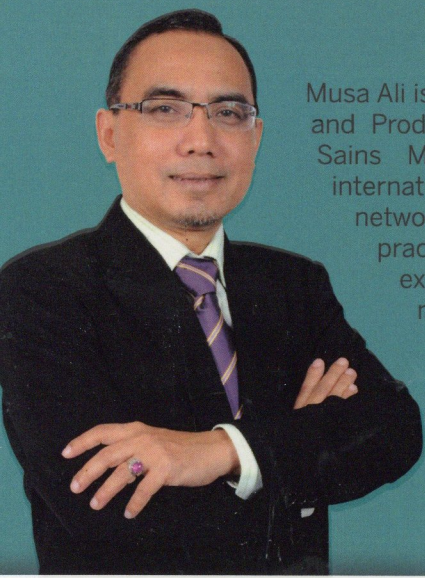
Nicholas Johnston,
CEO of Educational Competencies Consortium Ltd (ECC), UK

The book provides a concise treatment of its subject matter. It will become a handy reference guide for practitioners who wish to understand what is happening in their organisations without becoming experts on each of the areas discussed. The use of case studies assists in keeping the book practical rather than being just another human resource management text.

Stephen Barton,
Co-Founder of WorkplaceDNA, Australia

This book provides a great knowledge reference and a very practical guide addressing implementation issues that organisations will face during their transformation.

Nashid Abdul-Khaaliq,
Upstream Computing Technical Advisor of Saudi Aramco, Saudi Arabia



Musa Ali is the founder and director of the Centre for Innovation and Productivity in Public Administration (PIPPA), Universiti Sains Malaysia. Through PIPPA, he has developed an international network stretching from Europe to the US. This network enables him to work with management experts and practitioners around the world especially in his area of expertise; organisational and individual performance management. He obtained a doctorate in human resource management from Murdoch University, Australia.

ISBN 978-967-461-095-1



USM UNIVERSITI
SAINS
MALAYSIA



PENERBIT
USM

PENERBIT UNIVERSITI SAINS MALAYSIA

