

**TOTAL QUALITY MANAGEMENT TRAINING PRACTICES  
FOR MANAGERS IN SELECTED NEWLY-PRIVATISED  
CORPORATIONS IN MALAYSIA AND BRITAIN : A  
COMPARATIVE STUDY**

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## ***Dedicated To***

*my father (Mohd Noor Hj Nasir) and mother (Sakariah Hj Omar)*

*for their love, dedication and sincerity;  
and also*

*to my wife (Kamariah) and my four sons (Muhd Hafizh, Muhd Shafiq, Muhd Haziq  
and Muhd Syahmi)*

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## ABBREVIATIONS

ASEAN	=	Association of South-East Asian Nations
BR	=	British Railways
BT	=	British Telecom
CMS	=	Core Management Skills
DDI	=	Development Dimension International
DTD	=	Development and Training Directory
EFQM	=	European Foundation for Quality Management
EPU	=	Economic Planning Unit
FMU	=	Facility Management Unit
HODs	=	Head of Departments
KTM	=	Keretapi Tanah Melayu
KTMB	=	Keretapi Tanah Melayu Berhad
MCI	=	Management Charter Initiative
MR	=	Malayan Railway
MTTQ	=	Management Training in Total Quality
NEP	=	New Economic Policy
NPCs	=	Newly-Privatised Corporations
OHP	=	Overhead Projector
PAP	=	Privatisation Action Plan
PDR	=	Performance Development Review
PMP	=	Privatisation Masterplan
PSBR	=	Public Sector Borrowing Requirements
PSO	=	Public Service Obligation
QCs	=	Quality Councils
QCcs	=	Quality Circles
QIP	=	Quality Improvement Project
QIPns	=	Quality Improvement Plans
QIT	=	Quality Improvement Team
QMCD	=	Quality Management Control Division
QTP	=	Quality Through People
RRC	=	Regional Railways Central
SE	=	Service Excellence Programme
SM	=	Supportive Management Programme
SOEs	=	State-Owned Enterprises
STAR	=	Sistem Transit Aliran Ringan
STM	=	Systematic Training Model
TCS	=	Total Customer Satisfaction
TTC	=	Telekom Training Centre
TM	=	Telekom Malaysia
TNA	=	Training Needs Analysis
TQM	=	Total Quality Management



## ABSTRACT

This is a study of four newly privatised corporations; Telekom Malaysia and Malayan Railway; British Telecom and Regional Railways Central. It focuses on the attempts by each of those companies to introduce total quality management as a change strategy emanating from the need to cope with a dramatic change in circumstances resulting from their recent privatisation. This thesis, therefore, was prompted by the privatisation initiatives of both the British and Malaysian governments. It examines those initiatives and discusses issues arising from privatisation and the importance of training for managers. The aim was to contribute to an understanding of managerial training which was assigned to support the implementation of Total Quality Management (TQM) as a result of changes in organisational status. One significant finding from this study is that where different privatisation models have been introduced between the two countries, different outcomes have developed. Another particular feature highlighted from this research is the similarity in the decision to embark on TQM approach by these NPCs in their attempts to facilitate organisational transformation structurally and culturally. In contrast to the general view that where organisations adopt TQM they then realised the need for cultural change (Baines, 1993), this study found that the need for cultural change has encouraged NPCs to adopt TQM. Because TQM is a management approach, and management plays the central role in bringing about change in organisation, the focus of training for managers become imperative. Training initiatives became increasingly important with TQM implementation in all NPCs. By using Case Study method, this study investigates the practice of management training in total quality in four NPCs in Malaysia and Britain, with the view to testing the theoretical framework derived from

the literature. It is argued that for training to be effective in supporting TQM, there must be proactive involvement and support from every level of management. Contrary to the practice of conventional training activities where training function is the responsibility of training personnel, total quality training requires management to share the ownership and providing a supportive environment in order to nurture continuous quality culture. The conclusion of this study suggests that what constitutes effective practice for total quality training is influenced by several factors including senior management involvement in making quality culture happen, the need for management to be actively involved in training function and activities, the changing role of training professional in total quality implementation and proper planning and systematic practice of the activities surrounding training. Through the identification of the factors that facilitate or impede practice, this study identifies a Management Training in Total Quality (MTTQ) model that provides positive features leading to effective practice when implementing total quality training.

## CHAPTER ONE

### THE RESEARCH PROBLEM AND THE SURROUNDING ISSUES

#### 1.0 Introduction

This is a study of four newly-privatised corporations; Telekom Malaysia and Malayan Railway; British Telecom and Regional Railways Central. It focuses on the attempts by each of those companies to introduce total quality management as a change strategy emanating from the need to cope with a dramatic change in circumstances resulting from their recent privatisation. This thesis, therefore, was prompted by the privatisation initiatives of both the British and Malaysian governments. This chapter examines those initiatives and discusses issues arising from privatisation. The specific themes found in the literature with respect to the development of management training practices in Total Quality in NPCs will then be considered. This thesis compares the management training practices, which are intended to support the implementation of Total Quality Management (TQM) in the selected NPCs in Malaysia and Britain. The intention is to contribute to an understanding of the practice of training managers as organisations move towards becoming a Total Quality company. By identifying the positive elements of management training practice, this study also aims to provide a model that can help the NPCs in particular, come to an understanding of effective training practice for developing managers in implementing TQM when responding to their new competitive environment.



## 1.1 The Need for the Research

This research was influenced by several factors, the most fundamental of which was the Malaysian Government's privatisation of major State-Owned Enterprises (SOEs) in response to the nation's economic crisis. Generally, a growing disillusionment with the performance of the SOEs, coupled with the pressure of fiscal and debt crisis in the mid 1980s, provided the motivation for privatisation. Privatisation was seen as essential by the Government to reverse the SOE's poor performance which was believed to have slowed down the country's economic growth. Moreover, the privatisation policy formed one of the major strategies to help achieve '*Vision 2020*', which envisages the nation reaching the status of a fully developed country by the year 2020. In his speech on '*Vision 2020*', the Prime Minister, Dato' Seri Dr Mahathir Mohamad, emphasised the role of the private sector as the main vehicle for the country's economic growth. As he puts it;

"For the foreseeable future, Malaysia will continue to drive the private sector, to rely on it as the primary engine of growth. Privatisation will continue to be an important cornerstone of our national development and National efficiency strategy" (Mohamad, 1991:12).

To prepare themselves for becoming successful commercial entities and to enable them to respond to the challenges posed by the Government's *Vision 2020*, these NPCs had to undergo radical organisational restructuring to establish a new entrepreneurial culture which was different from the previous bureaucratic one. The need for organisational transformation results from the fact that these organisations had previously been influenced by '*politics*', where public officials were appointed to implement and execute governmental policies within the legislation of law and where services were provided for the public interest. In contrast, the private sector, driven by '*market forces*', requires managers primarily to use resources efficiently where the



profit motive and survival remain imperative in a competitive market environment. Transformation is therefore vital for these NPCs' to survive. As Farnham and Horton (1995) have pointed out;

"the ways in which private organisations are managed reflect the market environment in which they operate...Unless, over time, private organisations are able to satisfy customer demand in the market, to provide a surplus to the revenue over costs and to ensure capital investment programmes for the future, they cease to trade as viable economic units. Private organisations, in short, must be both profitable and economically efficient to survive in the market" (1995:31).

Thus, without a transformation in response to their change in status, NPCs will fail to survive as viable economic units in the competitive market. The difference in environments between public and private organisations requires NPCs to make both internal and external changes in order to survive and become competitive. Internally, the NPCs need to transform culturally and structurally to suit their new organisational status. Externally, these organisations have to provide an excellent quality of service aimed at satisfying customers' requirements. This need for change and the resulting management training is the central focus of the research.

The second factor, which influenced this research, was the lack of literature in the field of management training in Total Quality for newly-privatised corporations, particularly in the Malaysian context. Although many studies have discussed the process of privatising these corporations, little has been done on 'how' these corporations actually manage to 'prepare' and 'adjust' themselves to the new corporate culture and environment. A major omission is the role of training in this process. This research will contribute to the body of knowledge particularly in the field of training practice in total quality for managers in NPCs.

The third factor that prompted this research was the need to see whether existing

theory on training practice in Total Quality is applicable to the NPCs. The subject of management training in Total Quality has generated interest in organisations worldwide (Tuckman, 1994; Atkinson and Naden, 1989; Rehder and Ralston, 1984) and attracted researchers with different models (Oakland and Waterworth, 1995; Oakland 1993; Walley and Kowalski, 1992; Dale and Plunkett 1990; Main, 1986). However, whether such models as suggested theoretically is practiced by organisations particularly newly-privatised corporations remains to be answered. In this regard, a thorough study needs to be undertaken to investigate whether or not some of these models (discussed in Chapter Five) are being implemented in practice. There is a need, therefore, for research that focuses on how management training in Total Quality is implemented in NPCs in the context of their new status.

## **1.2 Literature on Privatisation, Total Quality Management and Managerial Training in Total Quality in NPCs**

Interest in privatisation, Total Quality Management and management training practices in Total Quality in NPCs has also been stimulated by the lack of comparative work on these topics. Although there is an abundance of literature on privatisation, TQM and management training, this work is limited in that the topics have been dealt with separately. Moreover, studies on TQM and management training are mostly focused on corporations in developed countries, or if comparison is involved, it is between western and established eastern corporations. For example, studies on TQM have been done to examine the case of a single corporation in developed countries (Walley and Kowalski, 1992) or to make a comparison between Japanese corporations which have basically established a strong foundation and



application of TQM (Cohen, 1991; Oliver and Wilkinson, 1989; Lascelles and Dale, 1989). Those studies that attempted to compare such practices in different organisations, have largely done so within a single nation (Brown, 1993; Aly *et al.*, 1990; Kanji, 1990; Oakland, 1989).

There is also a lack of literature on management training in total quality in Malaysia, especially involving the newly-privatised corporations. This, therefore, suggests that the attempt to look at the experiences of both Malaysia and Britain may provide new perspectives on the practice of management training and bring benefits especially to organisations in Malaysia. One possible reason for the lack of literature on management training in Total Quality in NPCs worldwide maybe that each case is considered unique and, as such, cannot be duplicated (Pickard, 1992; Garvin, 1987). While it is widely accepted that it is necessary to choose the right kind of techniques to suit a specific organisation for successful Total Quality Management implementation, this study stresses that certain important criteria are universally applicable and can be tailored to meeting the company's needs. Furthermore, the lack of comparative study in an international context, especially pairing corporations from a developed country with those from a developing country, was a motive for undertaking this research. The lack of work in this area may be because management training practices in Total Quality in these NPCs are still in the infant stages and have thus not attracted as much attention as those in more mature organisations.

Thus, the central argument throughout this thesis is that privatisation is the main trigger for change in these NPCs. The corollary of this is that these NPCs have

subsequently had to undergo radical organisational restructuring processes. Total Quality Management (TQM) has facilitated this restructuring. Thus, TQM has been employed as one strategic tool to assist organisational transformation both culturally and structurally in these organisations. TQM adoption necessitated managerial training in order to facilitate its implementation. Hence, management training practice is essential for effective TQM implementation. Clearly, however, the adoption of TQM and the related processes of management training can only be understood within the specific context of privatisation.

### **1.3 The Similarities and Differences Between Malaysia and Britain in Privatisation Initiatives and Management Training**

This study compares the adoption of TQM as a strategy for shifting organisational culture in NPCs and as a mechanism for improving performance and competitive advantage in Malaysia and Britain. There are several similarities between the two situations. One similarity was that faced with global economic recession in the 1980s, both the Mahathir and Thatcher governments opted for privatisation based on the belief that it could serve as a way out of state economic crisis, and on the assumption that State-Owned Enterprises (SOEs) were becoming less efficient, too costly, and that they inhibited healthy economic growth through lack of competition. A second similarity was that the NPCs studied adopted TQM as the main cornerstone of their transformation. The change in status created the need to shift from technical-based to customer-oriented organisation. TQM, with its emphasis on quality and meeting customer requirements, was seen as crucial to the development of the workforce and for organisational survival.



In both countries, there have been criticisms regarding the passive attitude towards training, education and development of the workforce (Constable, 1988; Handy, 1987; Ibrahim, 1994; Hamid, 1993). In Britain, it was only after studies carried out by Handy (1987) and Constable/McCormick (1987) that the importance of management training began to be acknowledged by many companies (Silver, 1991). Both the Handy and Constable/McCormick reports concluded that British managers lacked the training opportunities available to their competitors abroad; that the majority of them received no formal training; that the pattern of provision was too fragmented and lacked firm roots in the educational system; and that support from industry and commerce would be essential if the situation was to be significantly improved. In criticising the attitude of British companies towards management training and development during the 1970s, these writers (Handy, 1987; Steven and Mackay, 1991) pointed out that this had been one of the factors contributing to the British economic failure in the world market. Handy (1987) further argued that while in other countries such as the USA, West Germany and Japan, traditions of management education, training and development were long established, Britain's system was still muddled. It was not until the end of 1980s that management training and development in Britain began to come of age, partially through the establishment of the Management Charter Initiatives (Patel, 1993; Reid *et al.*, 1992; Handy, 1987). Much of the pressure to increase management training in British industry came from the Industrial Training Act in 1964 and the Management Charter Initiatives in 1987. The development of TQM and the introduction of BS 5750 gave fresh impetus to the need for management training (Patel, 1993:23).

Similarly, in Malaysia, attitudes towards management training were regarded as unhelpful and minimal (Ibrahim, 1994; Hamid, 1993). Commenting on the lack of management training awareness, a report from the Malaysian National Institute of Public Administration (INTAN) clearly illustrated the Malaysian state agencies' attitude towards training during the early 1970s that;

"doubts (were) expressed by some agencies which were not convinced of the long and short term pay-off to be derived from management training, and whose attitudes were reflected by their reluctance to send their officers for training..." (Omar, 1975:138).

However, it was only during the late 1980s when the Government introduced the privatisation initiatives and the *Vision 2020* programme, that changes were triggered in both public and private organisations.

Despite these similarities, there were also significant differences between the two countries in terms of the origins of SOEs including economic and political structures, culture, and social policies. For instance, the Malaysian privatisation policy reflected the political preference for involving the Bumiputera in pursuing the objectives of the New Economic Policy (NEP), while the British approach was motivated by both political and economic arguments. Another distinction can be seen in terms of ownership. In Britain, privatisation means complete divestment of the company's ownership to the private investors, while in Malaysia, the Government still retains a majority stake in the ownership in some companies, for example, in the case of Telekom Malaysia. As Kennedy (1995) underlines;

"Telekom Malaysia's (TM) autonomy from the government is circumscribed by the ultimate financial control held by the Finance Ministry by virtue of its 76 percent share and the 'Golden Share' provision in TM. Here too, there have been indications of politicization of decision-making" (1995:231).



Critics have argued that this partial divestment has resulted in the worst form of private and public power, in that the private pursuit of profits may sacrifice consumer welfare whilst preserving government privileges, for example in terms of regulations, credit and licensing (Jomo, 1995b; Jones and Fadil, 1992). The concern here is whether or not partial divestment can really enhance efficiency and profitability. While it is not the intention of this study to analyse in detail the effectiveness of privatisation, its findings nevertheless, provide valuable information for further research particularly in relation to the management of organisational cultures.

This study argues that without improvements in the provisions and functions of training for managers in NPCs especially in TQM implementation, radical and permanent change in these corporations will be hampered, since managers hold the key responsibility for bringing about change, and for sustaining that change. In this regard, it is therefore important to examine the changes affecting the NPCs leading to the decision to implement TQM.

#### **1.4 Changes Affecting the NPCs and the Decision to Implement TQM**

Privatisation forced the NPCs to face challenges from new harsh competitive realities. This, in turn, led to a pressure to restructure the organisations internally. Since these NPCs no longer operate as public monopolies, this study argued that they need to change their internal structure in order to respond to the new organisational status in the competitive environment and therefore to survive. The literature on organisational change and development, indicates that issues of change which affect organisations are usually associated with performance issues, increasing competition, local or global, the economy, politics, technology and social factors and, in particular,



increasing customer demand and sophistication (e.g. Kanter, 1989; Morgan, 1986). It is argued that an organisation's ability to survive is heavily dependant on its ability to respond to change (Kanter, 1989; Peters, 1987; Drucker, 1974) especially to customer needs (Morgan and Murgatroyd, 1994; Dale and Cooper, 1993). Furthermore, an emphasis on training the workforce and, in particular, managers is crucial for success (Patel, 1993; Margerison, 1991; Saari *et al.*, 1988; Handy, 1987). Privatisation, therefore, led these NPCs to undergo a radical transformation and to employ TQM to assist in responding to change.

#### 1.4.1 *Organisational Response to Change As a Result of Change in Status*

In discussing the topic of organisational change, this study has been informed by the theory of a contingency approach to organisation first proposed by Burns and Stalker (1961) and later refined by Lawrence and Lorsch (1967). The contingency theory states that organisations and their management need to '*change*' when the external environment poses new challenges and problems. In their famous theory of mechanic and organic organisations, Burns and Stalker (1961) argue that organisational forms varied between mechanic and organic, depending on the types of environment in which they operated. At one end of the spectrum, mechanic organisations support jobs which are clearly defined in a hierarchical organisational structure and can operate appropriately in a relatively stable environment. At the other end of the spectrum, where the environment continues to change, organic organisations stress interaction rather than authority. They are more flexible and better able to respond to highly unpredictable conditions. These writers further propose that an organisation's

successful adaptation to its environment depends heavily on the ability of top management, whose responsibility is to interpret the environment and devise appropriate strategies in order to be able to respond to the challenges accordingly. At this point, this study argues that unless managers in NPCs carry out necessary measures by adopting organic structure and make internal changes to maintain equilibrium with external forces in the new environment, it is unlikely in the long term that these organisations will stay competitive.

The works of Burns and Stalker (1961), and Lawrence and Lorsch (1967), have provided significant understanding of the topic of organisational change in relation to the current turbulent environment. It is the managers who have the most important role in identifying the need for organisational change and the strategies that are then deployed to respond to this need. In this instance, pressures from new government regulations and policies, market competition, the technological revolution and customer sophistication constantly affect these NPCs, demanding urgency from management in these corporations to respond appropriately through creating appropriate new structures, cultures and patterns of management.

In order to bring about such changes, some organisations adopted Total Quality Management which is based on the work of several quality experts (e.g. Deming, 1982; Crosby, 1979; Juran, 1979). It is difficult now to encounter any large organisation in Britain, USA, Japan or Continental Europe which has not installed some variation of TQM as the tool for its transformation (Wilson, 1992). Consequently, TQM has been adopted by these NPCs based on the general perception that this approach can help to build a new culture that promises continuous

improvement (Said, 1995; Heller, 1993; The BRB Quality Statement, 1988; Brooks, 1990). While the popularity of TQM has been much influenced by the stories of those companies which have been successful, caution is required in adapting TQM in order to establish the right approach to suit individual companies. While most current interest in TQM has been focusing on the methods of 'how to implement' such a programme and 'what can be gained', less has been done on the difficulties of implementing it and why some companies have failed to receive substantial returns from what has been invested. Thus, it is argued in this study that while TQM is an essential ingredient for organisational success and competitive advantage, models from successful organisations should not be adopted blindly; great caution should be taken in choosing the right approach to be implemented as well as carefully matching and redesigning the approach as it progresses. While there are various models and case studies (see e.g. Spencer, 1994; Blackburn and Rosen, 1993) on implementing TQM, it is nevertheless, vital for management in the NPCs to analyse on how change can be implemented. This must be congruent with the characteristics of the firm and be based on appropriate goals and objectives.

#### *1.4.2 The Need to Transform the Pattern of Management in the Newly-Privatised Corporations*

Another factor which encouraged the adoption of TQM was the failure of western economic powers to secure their international and national market domain from new foreign competitors in the early 1980s. This led to the focus on 'excellence management' which resulted in the frantic search for the best new way to manage organisations in the current turbulent and competitive environment (Kanter, 1991;



Morgan, 1990; Peters and Waterman, 1982; Drucker, 1980). The failure of rigid hierarchical bureaucratic systems in the present turbulent environment has been noted (Kanter, 1991; Morgan, 1990; Peters and Waterman, 1982; Drucker, 1980). One prominent issue is constantly raised: *"the emphasis on the need to 'study' and 'learn' from successful organisations."* As a consequence, many organisations re-assessed their ways of managing.

Managerial work has evolved from classic management theories based on the autocratic, hierarchical and bureaucratic structure of organisations into more democratic and participative patterns which suit the new organisations operating in a turbulent environment (Durcan and Oates, 1994; Kanter, 1991; Handy, 1989; Peters and Waterman, 1982; Mintzberg, 1973). New thinking on management has challenged traditional management theories, such as those developed by Fayol (1916) and Taylor (1913). Contrary to the classical theory which viewed management as a process of planning, organising, commanding, co-ordinating and controlling in which workers were regarded as powerless machines, today's changes have demanded that managers seek a new pattern of managing which focused more on facilitating, coaching, motivating, innovating, empowering and participating, where workers are regarded as the most valuable asset (Durcan and Oates, 1994).

Therefore, this study argues that changes in organisational status have led to the need for changes in the pattern of management in the NPCs. The traditional bureaucratic public service culture has to be replaced with that of commercially oriented management to enable NPCs to face the challenges of being exposed to the realities of competition for the first time. This need to change to a new pattern of management is

supported by many writers who argue that public and private management systems are crucially dissimilar (Pollitt, 1994; Alban-Metcalfe, 1989; Soloman, 1986; Fottler, 1981). Although there is an argument that the differences between managing public services and private are negligible since management practice is generic (Self, 1965), Farnham and Hórtón (1995) have pointed out that the main distinction here lies in the fact that public organisations are '**politically driven**' while those of the private sector are, in contrast '**market driven**'. In this regard, those running the public sector organisations are said to be strictly governed by law and procedure with centralised authority in decision-making, whilst private organisations largely depend for success on the ability of the managers to become innovative in utilising every opportunity which arises. As a consequence, faced with the challenges posed by the new competitive environment, NPCs require a new management style commensurate with current needs and demands. These NPCs need to '**learn**' and '**adapt**' quickly to a new management approach to replace their traditional ways of managing the public organisations. This study proposes that the need for managerial training to achieve this transformation is imperative.

### **1.5 Management Training in Total Quality in the NPCs**

One of the features of the present business environment is the remarkable concordance of views as to the demands that will be made on managers in current and future organisations (Drucker, 1995; Hockett, 1989; Handy, 1987; Kanter, 1984). Previously, it has been shown how changes of environment have greatly influenced the way organisations are managed especially in the NPCs. This, in turn, has affected managers' responses through a shift in the pattern of management. Recognising that

management is responsible for most factors which determine success for quality implementation (Deming 1986; Juran 1964), and that their failure to be involved and to support will be a major barrier to implementing TQM (Juran, 1994; Maul and Gillard, 1993; Jeffrey, 1992; Townsend, 1990), it is an obvious conclusion that managers need to learn about quality theory and to become leaders (Oakland 1989; Juran 1974). However, it is also recognised that quality training for the entire workforce is considered equally vital for the whole process of transformation towards becoming a Total Quality organisation.

The high premium put on management training in this study stems from the centrality of managers to the change process. Managers are those who first and directly feel the impact of change (Evans, 1991; Drucker, 1980; Kenney *et al.*, 1979); management skills will undergo the most dramatic change under the pressure of the current turbulent environment (Drucker, 1995; Kanter, 1984); and finally, it is impossible to bring about success in TQM implementation unless managers possess the necessary competencies to lead the way (Patel, 1993; Brown, 1993; Hockett, 1989). This indicates that they are the key people in determining the success or failure of the organisation (Farnham and Horton, 1995). In this regard, this research analyses the practices of training for managers in these NPCs with respect to the achievement of individual growth and organisational goals in Total Quality. Furthermore, commitment to change on the part of managers is essential for the success of TQM implementation (Oakland, 1993; Deming, 1986).

This necessary enhancement of managerial skills, particularly in communicating and maintaining the drive for quality in the organisation, leads to the need to reassess



training practices. While it is understandable that some variations may exist in the training practices from one organisation to another, in general, the researcher agrees with the view (e.g. Oakland and Waterworth, 1995; Kanji, 1991) that most organisations share some common elements that are fundamental to successful training. This study therefore attempts to determine these essential elements in an effort to help improve the current management training practices for NPCs.

### **1.6 The Objectives of the Research**

This research, therefore, will consider three sets of inter-related issues. Firstly, the governments' privatisation initiatives that triggered the SOEs to respond to change, especially in management practice; secondly, the adoption of Total Quality Management by these NPCs for competitive advantage; and thirdly the particular focus on management training and the development of managers. Thus, the research objectives are:-

- i) to look at why and how governments have taken privatisation initiatives and their effects on the organisations under study;
- ii) to provide an understanding of how TQM was implemented in these NPCs in response to the new competitive environment;
- iii) to investigate the role of management in relation to training for TQM implementation;
- iv) to find out the facilitating and constraining factors in the implementation of training practices in total quality for managers; and,
- v) to identify positive features of management training practices in total quality for the NPCs.

*i) The Governments' Privatisation Initiatives and Their Effects on NPCs*

As has been stressed, governments' privatisation initiatives became the major catalyst for change in the organisations under study. Depending on the motives for privatising, various methods have been employed in the process of changing the status of ownership from full to partial divestiture, thus leading to a range of outcomes. This research seeks to identify the specific outcomes of such methods, with respect to the NPCs under study. This study supports the view that privatisation has inevitably forced the organisations in question to change and respond in particular ways (Jomo, 1995b; Parker, 1993; Ramanadham, 1988; Pirie, 1985). In investigating this research objective, information was obtained mainly from documentary sources gathered from the corporation's resource centre, university libraries, and government departments.

*ii) The Adoption of Total Quality Management for Competitive Advantage*

TQM has been increasingly adopted by organisations worldwide with the objective of increasing quality of products and services. This research examines the underlying motives of particular NPCs in their decisions to embark on a TQM programme. This work also investigates the processes of TQM implementation in NPCs. Since TQM literature mainly focuses on organisations which are established in either public or private sectors, little has been written regarding newly-privatised organisations. Information on this topic was sought by computer and manual searches at libraries in various universities. Information was also collected during fieldwork using in-depth semi-structured interviews with various categories of respondents, personal observation on one total quality programme in session, and documentary sources like company reports on TQM, training bulletins, conferences reports, company's articles,

Handbook, TQM training packages, and company's newspaper.

iv) *The Implications of the Role of Training Function as a Result of TQM Implementation*

This research also aims to consider the implications of management involvement when implementing TQM training. It is therefore necessary to find out the extent of management involvement and support in the training function with respect to TQM managerial training. The need for training to be as efficient as possible is a critical factor for NPCs in developing managers. To investigate this research objective, the primary mode used was in-depth semi-structured interviews conducted with various levels of managers as explained in section 6.5.2 of Chapter Six, followed by documentary sources as mentioned above made available by the respective corporations and those gathered from university libraries.

v) *Identifying the Facilitating and Constraining Factors in Achieving Effective Management Training Practice in Total Quality in NPCs*

Because managerial training is important to enable them to cope with the changes in organisational status and for effective TQM implementation, it is the purpose of this study to ascertain the constraining and facilitating factors for management training in total quality in the NPCs. The construction of the Management Training in Total Quality (MTTQ) model in Chapter Eleven of this thesis provides a method for the NPCs to achieve effective practice and to justify investment in total quality management training. In investigating this research objective, in-depth semi-structured interviews were used as the primary method of collecting information with managers of various categories (see Section 6.5.2 of Chapter Six). This was followed



by observation of one of the total quality management training programme in each NPC, and compiling documentary evidence such as annual reports, Handbook, research reports, articles, training manuals, training programme materials, training bulletins, and conference reports from the individual corporations.

vi) *Proposed Elements of Showing Positive Features in Management Training Practice in Total Quality for NPCs*

The final objective of this research is to identify those elements which contribute positively to the practice of managerial training in total quality for the NPCs. This will lead to the development of a new model in which positive features of training practice in total quality can assist NPCs in bringing about positive results in TQM implementation and making investment in training justifiable. The investigation of this research objective involved reviewing existing theory leading to the development of a theoretical framework for the study to be undertaken. Based on the theoretical framework developed in Chapter Five, fieldwork investigation was later conducted in the NPCs using research methods as explained in Section 6.5.2 of Chapter Six. Results from these fieldwork findings led to the development of a new model for management training.

In summary, analysing NPCs from two different countries in the study is a powerful way of exposing the important issues that lie behind the implementation of effective management training practice in total quality in NPCs. Such a study, therefore, enables the researcher to identify '*commonalities*' in implementing training practice in total quality for managers which have implications for other similar corporations in other countries. It is also the intention of this study to investigate the role of

management in allocating adequate resources for training and its capacity for better functioning of training programmes in total quality aimed at successful TQM implementation. This has implications for the work of those senior managers who are responsible for devising organisational policies and strategies to implement changes in the organisation. It is also relevant for training centres which prepare and deliver management training programmes. Consequently, this research will provide a valuable contribution to these particular corporations and the other privatised corporations. This work will also be an added contribution to the field of total quality training practice.

This study, therefore, examines how newly-privatised organisations in Britain and Malaysia coped with their new status. It examines how managers were prepared for changes which resulted from this shift from being a public to a private sector company. In particular, it considers the deployment of TQM as a strategic business tool by these companies and at the role of management training in the implementation of TQM. It argues that the changes in the internal structure of each company were a direct result of pressures emanating from the wider political and economic environment.

## CHAPTER TWO

### THE POLITICAL AND ECONOMIC CONTEXT

#### 2.0 Introduction

This chapter describes how changes affecting the state-owned enterprises that led to privatisation initiatives have necessitated the management of the organisations to focus on providing quality service to customers and to be competitive in the market. The move into being commercially market-driven entities has led this shift in focus to be the central concern for management. Despite several attempts by the governments of both countries to revitalise the performance of public enterprises, privatisation was seen as the best possible strategy. This therefore, led to the fundamental issue of the need for management to change. Consequently, this in turn, led to a focus on management development and training to support this change process. Although management development and training had not received considerable attention prior to 1980s, the work of many influential studies (e.g. Handy, 1987; Constable and McCormick 1987) particularly in Britain, have triggered UK organisations to increasingly recognise the significance of developing their managers in order to be competitive. This study, argues that management development and training is an important strategy for the NPCs studied if their managerial capability is to be enhanced in order to support TQM implementation.

#### 2.1 The Issue of Change Affecting the Public Enterprises

The issue of the accelerating pace of change affecting both public and private sectors in the recent decade dominates much of the discussion in the management literature.



The current unprecedented state of change has been referred to by many writers as “*turbulent*” (Morgan, 1990; Drucker, 1980); “*chaotic*” (Durcan and Oates, 1994; Peters, 1987); or delineated as “*instability*” and “*unpredictability*” (Taylor and Lippitt, 1983). Many have suggested that Britain’s poor economic performance, high unemployment rates, lack of competitiveness, and huge financial debts have been directly associated with the general under-performance of the public sector (Farnham and Horton, 1995; Thomson, 1992). Such poor performance led the government to become radically committed to change initiatives in an effort to revitalise state enterprises. The launching of developments such as the Financial Management Initiatives in 1982, the Next Steps Initiatives in 1988, and The Citizen’s Charter in 1991 clearly indicated the determination of the government’s decision to address several key issues. This can be summarised as the need to increase efficiency; emphasise standards of quality service by increasing customer focus; and finally, a new “managerialist” approach (Pollit, 1990) which is the ideology of market-led managerialism (Reed, 1995). The central idea of introducing these and other initiatives was to reform both the organisation and management aimed at overcoming the deficiency of bureaucratic modes, and making public services more efficient, effective and responsive (Kirkpatrick, and Martinez Lucio, 1995). However, such efforts by the government were not particularly successful (Painter *et al.*, 1994; Thomson, 1992). The failure seemed to stem from the fact that many of these initiatives did not evolve as part of an overall plan. Instead, they were *ad hoc* responses to changing political and economic circumstances (Thomson, 1992). To the end of 1970s, another programme called privatisation was introduced by the UK government in the effort to resolve the public enterprises’ problems.

Similarly, in Malaysia, the deterioration of the macroeconomic performance leading to debt crises, and slow economic growth again seen as largely due to the unprofitable public enterprises triggered the government for a policy response. Not only that, the performance of the state enterprises themselves had been deteriorating and there was widespread public criticisms of quality of service, waste, inefficiency and corruption (Jomo, 1995a). Such circumstances, therefore, resulted in the government's decision to introduce several major policies such as the Look East Policy in 1981, Leadership By Example in 1983, and the Quality Campaign Initiatives in 1989, all aimed at bringing about radical change in public enterprises. These and other measures of administrative reforms were implemented with the view to improving efficiency, quality and productivity in the public sector through better management of resources and an improvement in work culture. Those efforts actually resulted in little improvement. Some policies even seemed to fade into insignificance over time (Jomo, 1995a). In the face of a deepening economic crisis in the mid-80s, the government turned to a privatisation policy, with the belief that this policy change could reverse the condition of the public enterprises (Jomo, 1995a).

Following these privatisation policies, numerous studies have been undertaken raising the question of whether private sector management is better than public sector management. The general assumption made by many analysts (Thomson, 1992; Perry and Rainey, 1988; Parker, 1985; Davies, 1971) is that politically dominated public bureaucracies inhibit flexibility and innovation. The absence of information and incentives of market orientation have also imposed constraints on public administrators, with the result that the public sector is less efficient than the private

sector. However, other writers (e.g. Chang and Singh, 1992; Dunsire, 1991) have argued that given the complexities of environmental, social and moral responsibilities and different priorities of the public sector, some of which are intangible and unmeasurable, it would be unfair to associate public sector with low efficiency and poor performance. Despite the controversial debate of private/public sector management efficiency, this study argues that intense pressures for more efficient performance and quality service provided the impetus for change in the organisations studied.

## **2.2 The Need for Management to Respond to Change as a Result of Change Initiatives**

In the context of a shift from public to private sector organisational structure, the issue of management responsiveness has been the subject of many writers (Parker, 1993; Dunsire, 1991; Kanter, 1991). They argued that, as a result of the immense pressure built upon organisations, management has to react in order for organisations to maintain competitive advantage and thus survive (Burnes, 1992; Kanter, 1989; Handy, 1989; Plant, 1987). Emphasising the importance of management response to the rapidly changing environment, Drucker (1980) argues that;

“in turbulent times, the first task of management is make sure of the institution's strength and soundness, of its capacity to survive a blow, to adapt to sudden change, and to avail itself of new opportunities” (1980:1).

The imperative for management to change is also stressed by Burnes (1992) who argues that, even though the need for organisational structures is recognised, the success of these changes greatly depends on managers, who must change their own practices before changing the rest of the organisation. In this context, Burnes (1992) argues that changing organisations and managing change cannot be seen in isolation



from changing managers. Since the responsibility of management is to create conditions to promote and bring about change in the organisations, and because organisations like these NPCs have to live with existing managers, it is therefore argued that these managers need to change. In this regard, training and development is seen as central to developing these managers in order to be able to bring about necessary changes and in supporting TQM implementation. At this point, this study argues that the key method for achieving successful organisational transformation requires managers to be trained and developed in order for them to instigate and sustain change. While it has been noted earlier that managers need to bring about change, it is necessary to understand the role of managers in gaining organisational success.

### *2.2.1 Understanding the Term Manager and the Managerial Work*

Because the central theme of this study focus in the development of managers, it is therefore necessary to define the term manager and its function in an organisation. The word 'manager' has been defined broadly by a number of writers, and each is given from a different perspective. For example, an early description of a manager was understood as 'getting work done through other people' (Sayles, 1964:1). However, as organisations grew in size in this modern society, such a definition was found to be deficient and scholars have challenged the meaning of it. One simple definition is that of Reddin (1970) who defined manager;

“as a person occupying a position in a formal authority who is responsible for the work of at least one person (subordinate) and who has formal authority over that person (subordinate)” (1970:20).

Another description for the term manager was given by Ghiselli (1971:8) who wrote that “a manager is one who manages, directs, guides, executes and administers the activity

of an organisation". From another viewpoint, Mintzberg (1973:166) explains the term manager "as the person in charge of a formal organisation or one of its sub-units vested with formal authority". In this study the word 'manager' can be understood as a person having formal authority who is responsible for his work and the work of other people under him and in charge of the overall performance of a unit or an organisation.

Whilst the above definition of a manager focuses positional and functional elements in the organisation, to describe what a manager actually does in an organisation is always difficult. The pioneer study on the work of a manager by Henri Fayol (1916) has identified the five basic managerial activities of planning, organising, commanding, co-ordinating and controlling. His view which is termed as classical, has gained wide popularity and become a valuable source in management theory. Nevertheless, some management practitioners have challenged the practicability of Fayol's theory as this only provides the idea of what a manager should do and not what he actually does. Mintzberg (1973), commenting on Fayol's idea argues that;

"consider a chief executive who is approached by a group of dissatisfied employees threatening to resign unless a senior executive is fired, and who must spend the next few days collecting information and working out a means of dealing the crisis...Which of these activities may be called planning, and which may be called organizing, co-ordinating or controlling? Indeed, what relationship exists between these four words and manager's activities? These four words do not, in fact, describe the actual work of a manager at all" (1973:10).

As organisational structure becomes more complex, so does the nature of managerial work. Illustrating the complexity of today's managerial role, Crainer (1995) points out that;

"The truth is that research suggests managers find themselves involved in an increasingly impossible balancing act. Management is strewn with paradoxes such as order and chaos; the short and long-term; and a host of others battle for attention. Day-to-day management is vague, immediate, intuitive, personal, complex and chaotic" (1995:xxv).

Due to its complexities, many attempts have been made to identify the nature of managerial work (Hill 1992; Kanter 1991; Sayles 1989, 1964; Stewart 1982, 1967; Kotter 1982; Mintzberg 1973) which found it to be involving a wider set of activities and a variety of conceptualisations. In his early seminal work, Sayles (1964) found that managerial work can be classified into three categories: firstly, as a participant in external work flows; secondly, as a leader; and thirdly, as a monitor, that is, the manager must observe the system, detect any disturbances, or problems and take corrective measures through formulation of strategies and plans. Despite criticisms on his loose and non-systematic research tools, Sayles' findings have shed much light on managerial work in his time (Mintzberg, 1973). Sayles succeeded in revealing the complexities inherent in managerial work along with the need for a manager to be flexible to adapt to change.

In another well-known study on managerial work, Stewart (1967), using a diary method, found that managers in different jobs have different demands on them and for that matter would require different skills. In this study, she identified five different kinds of managerial jobs in relation to the way managers spend their time. First, the Emissaries who spend much of their time away from the organisation, for example, sales managers and senior managers. Second, the Writers, who spend a greater share of their time in writing, reading, dictating and figure work, which consists of staff specialists and chief electrical engineers. The third group which most managers are included is the Discussers who spend much of their time with other people to carry out a diverse range of activities. Fourth, the Trouble Shooters, who spend more time coping with crises and inspection, an example of this are production managers. The



final group is the Committeemen, who spend a great share of their time in committee meetings. These are managers who work in large organisations. This study, although attempting to distinguish different requirements for different jobs, has several drawbacks. Firstly, the study was confined to how different managers spend their time and failed to identify what managers actually do. Secondly, there is the question of validity in the findings due to circumstances for instance, managers may fail to record all activities in their diaries because of hectic work.

Another distinguished study of managers at work was that of Mintzberg (1973) who researched the nature of managerial work using structured observation of five chief executives from different organisations. The study was designed for three purposes: firstly, to focus on the managerial job rather than the manager; secondly, on basic similarities rather than on differences; and finally, on the work content rather than its characteristics. Findings from his study revealed that "managers work at an unrelenting pace with chronic interruptions, prefer action over reaction and verbal media over written media in his context" (Mintzberg, 1990:164). Mintzberg's (1973) research analysis finally resulted in identifying ten managerial roles which can be summarised as;

The manager must design the work of his organization, monitor its internal and external environment, initiate change when desirable, and renew stability when faced with disturbance. The manager must lead his subordinates to work effectively for the organization and he must provide them with special information some of which he gains through the network of contacts that he develops. In addition, the manager must perform a number of 'housekeeping' duties including informing outsiders, serving as figurehead, and leading major negotiations (1973:169-70).

Although Mintzberg's work appears to take into account the social nature of managerial work through structured observation approach, it is argued that his methodology and conceptual framework disregards the historical and political processes that underpin, and provide a rationale for the work that managers do

(Willmott, 1987). In addition, it is argued that his method of structured observation has one drawback, in that, observing several managers for long period can be time-consuming and demands special skills in interpreting and classifying actions of the different respondents.

These early studies were undertaken during the decades of the 1960s and 1970s. More recent studies carried out in the 1990s identify a different set of managerial work. Recent studies (e.g. Hill 1992; Kanter 1991; Lee 1991; Morgan 1990; Smith 1989) have shown that managers now need to be more sensitive, require multiple skills and need to have better understanding to read the environmental trends. In one study on developing new managers, Hill (1992) describes the current demands on managers;

“Managers must juggle diverse, often ambiguous, responsibilities and are enmeshed in a web of relationships with people who often make conflicting demands: subordinates, bosses, and others inside and outside of the organization. As a result, the daily routine in management is often pressured, hectic, and fragmented” (1992:16).

One common theme that emerges from most of these studies is that managerial work is complex and fragmented. Moreover, the recent transformation of organisational structure has led to a new style of exercising power. This is particularly relevant to NPCs. This phenomenon is probably best summed up by Kanter (1991);

“Position, title and authority are no longer adequate tools, not in a world where subordinates are encouraged to think for themselves and where managers have to work synergistically with other departments and even other companies. Success depends increasingly on tapping into sources of good ideas, on figuring out whose collaboration is needed to act on those ideas, on working with both to produce results” (1991:18).

The emergence of new managerial work implies a very different way of obtaining and using power. The managerial role now involves coaching, innovating, facilitating,

supporting and even integration (Birchall, 1995; Kanter, 1991; Peters, 1987; Smith, 1989). In more recent studies, sharing responsibilities with peers and subordinates is becoming one of the significant trends in managerial work (Durcan and Oates 1994; Kanter 1991; Morgan 1990; Manz and Sims 1989). In their view, Durcan and Oates (1994) underline the importance of reshaping the organisation and radically changing the boss-subordinate relationship in companies. They assert that the traditional command and control operating mode is being replaced by counselling and coaching style of management. Despite various conflicting descriptions presented on what a manager does, it has been suggested that as time evolves, the role of a manager changes in response to the prevailing needs and conditions. This view underpins this study in assessing the new training and development needs of managers in the identified NPCs.

### **2.3 Changing the Organisational Culture in Response to Change Initiatives**

The need to respond to a rapidly changing environment has led these NPCs to anticipate the challenges by making necessary adjustments through attempting to change the culture of the organisation. The works of Kotter and Schlesinger (1991), Burack (1991), Plant (1987), and Pettigrew (1985), all show that changing organisation, especially its culture is neither easy nor short-termed. In the process of moving from the '*present state*' to the future '*desirable state*', many analysts (Burnes, 1992; Wilson, 1992; Pettigrew, 1985) caution that organisations will face serious obstacles. These could be in terms of resistance to change, losing organisational control and power disorder (Nadler, 1993). In this context, it is important for



organisations to analyse barriers to change, plan and prepare change strategies or adopt appropriate measures in addressing the problems as they emerge. Another common assumption made by many writers (Kotter and Schlesinger, 1991; Burack, 1991) is that there is a tendency that workers will resist change, and that, it is the job of the managers to foster and implement change. There are, however, circumstances where managers themselves are the ones who actually are reluctant to change (Rajagopal *et al.*, 1995; Burnes, 1992; Plant, 1987; Burns and Stalker, 1961). At this point, Burnes (1992) proposes two methods of overcoming management resistance to change, either by management development or by replacement. Similarly, Lawrence (1991) observes that managers too, at times, are resisters as well as instigators of change. In this regard, he proposes that the top executives deal with managers in the same way that managers should deal with subordinates, that is, through facilitating communication, participation and understanding different viewpoints. With regard to the NPCs, findings from this study suggests that efforts are being made by the management to transform the bureaucratic culture into a quality culture. It was found that while the ideal flexible and human focus organisation is widely accepted, some of these companies are less advanced than others in implementing cultural change due to the natural problems of resistance to change and absorbing new concepts. Nonetheless, there is indeed some positive indication towards cultural shifts with the adoption of the concept of Total Quality Management. One common theme that appears in this study is that, in implementing cultural change, management plays the central role in ensuring success. In this regard, one way to enhance and sustain managerial performance is by developing them.

## **2.4 The Focus on Management Development and Training as a Consequence of Rapid Change**

Given the challenges facing the corporations in this study, what is apparent is that the importance of having high quality performance managers has led to the focus on management development, education and training as one of the strategies in securing competitive advantage. Having said that, however, in Britain, the issue of management training and education did not receive substantial consideration, until the commissioning of the Coopers and Lybrand Report in 1985, which investigated the state of training within British industry. This Report revealed that top management in most companies had almost ignored their companies' training performance compared to that of their competitors from abroad. Subsequently, findings from this Report provided impetus for other studies in the years that followed (Handy, 1987; Constable and Mc Cormick, 1987; Mangham and Silver, 1986) which researched the attitudes of British organisations towards training of their managers. Handy (1987) who examined in some depth the development of management education and training in USA, Germany, France and Japan concluded that UK managers are less educated, and that Britain must develop its managers more and must do it formally and systematically if Britain is to compete with major countries. He later recommended a charter setting out a code of good practice in management development leading to the establishment of the Management Charter Initiative in 1987. Similarly, most of the following studies reported that training and development of managers have been neglected leading to deficiencies of the UK organisations *vis 'a vis* their major competitors. In one study by Mangham and Silver (1986), they pointed out that one-fifth of British companies employing 1,000 employees make no formal provision for



training of their managers. On this issue, they proposed that;

“What is needed is to ensure that the appropriate mechanisms are available in companies to ensure effective training is being undertaken” (1986:23).

Similarly, Constable and McCormick (1987) reported that most managers in the UK neither received formal management education nor underwent major training during their working lives. To this extent, Sadler and Barham (1988) argued that the failure of British organisations to provide adequate training particularly for their managers was because;

“Training was not seen as a contributor to competitiveness or profitability but rather as an overhead to be cut when profits were under pressure” (1988:49).

Subsequent studies by Handy (1987) and Constable and McCormick (1987), supported the need for Britain continuously to invest in training and development of managers in order to be competitive. Similarly, in Malaysia, it was reported that the attitudes towards management training was perceived as being deficient and lacking awareness as discussed in Section 1.3 of Chapter One. It was said that management training did not receive adequate attention prior to 1980s, and that following the implementation of the privatisation initiatives and the launching of *Vision 2020* by the Government that this became a major national and organisational concern.

As a consequence of current focus on management development, coupled with the changing environment that organisations faced, this became important in developing and preparing managers to cope with increasingly complex tasks and responsibilities.

This assertion finds support as Margerison (1991) described the situation thus;

“Management development is, today, a top priority for any organisation that wants to stay in business. As the emphasis becomes more competitive, with increasing decentralisation and people being held accountable on a regular basis for what they are doing, it is essential that we develop managers who can not only produce results themselves, but do so with and through other people” (1991:2).



Not surprisingly, there is burgeoning recognition that organisations now are focusing on management development and training as an instrument to enhance their managerial performance (Burke and Day, 1986) and to develop managers in the process of organisational change (Burnes, 1992; Wilson, 1992; Plant, 1987) which in turn has a profound impact on organisational effectiveness (Saari *et al.*, 1988; Humble, 1973; Campbell *et al.*, 1970). For example, one survey conducted by Saari *et al.*, (1988: 742) on randomly selected U.S companies suggested a growing commitment on management training in that almost all companies studied have some type of formal training for managers. They argued that there was an increase in number of companies emphasising on management training and education because to update managers on changing concepts and skills.

In training managers, there is a recent focus on a competency approach which has gained considerable attention globally. In Britain, particularly, following the Handy (1987) and Constable and McCormick (1987) reports, the Management Charter Initiative (MCI) was commissioned in 1987, with the general aim for, "professionalisation of managers so that they can cope with, direct and draw benefit from the turbulence of organisational change" (Wilson, 1992:109). The MCI, besides publishing a ten-point Charter Code of Practice for companies also proposed 'universal' competencies that formed the framework for developing managers (Storey and Sisson, 1990). However, this competency approach has several drawbacks. Criticising this Initiative, Wilson (1992) who regards the model as being similar to Quinn's *et al.*,(1990) competency model, which is too predictable and free from uncertainty, argues that focusing on generic competences is not enough to manage

change. He also suggests that by splitting the management tasks into eight competences, Quinn's *et al.*, (1990) model does not portray the major areas for management training. From another standpoint, Tyson (1990) pointed out that one disadvantage of the competency model is that, because managerial work changes rapidly over time, the competencies needed in order to perform a job effectively would similarly change. In this respect, she argues that since competencies cannot be detailed and precise, it would therefore be difficult to assess the training needs. Despite these criticisms there seems no escape from the application of the competency model, which evidently many companies (e.g. British Telecom, Regional Railways) supported and began developing competences that tailored to their business needs in view of competitive environment. Such practices which already showed some performance improvements in both companies, may indicate that competency approach training may form part of the management development change programme in these companies although evidence from this research indicates that the competency approach to staff training is not yet the forefront of approaches to managing cultural change for NPCs particularly in Malaysia.

#### *2.4.1 Understanding the Concept of Management Development*

Management development has been broadly referred to the learning events directed at managers in an organisation (Dixon, 1990). More specifically, as an approach to improve managerial effectiveness through planned and formal practices of management education and training (e.g. see Craig, 1987; Morris, 1978). However, it can be perceived in broader terms that includes informal activities like coaching, counselling, job rotation, action learning, managerial career planning, appraisal,



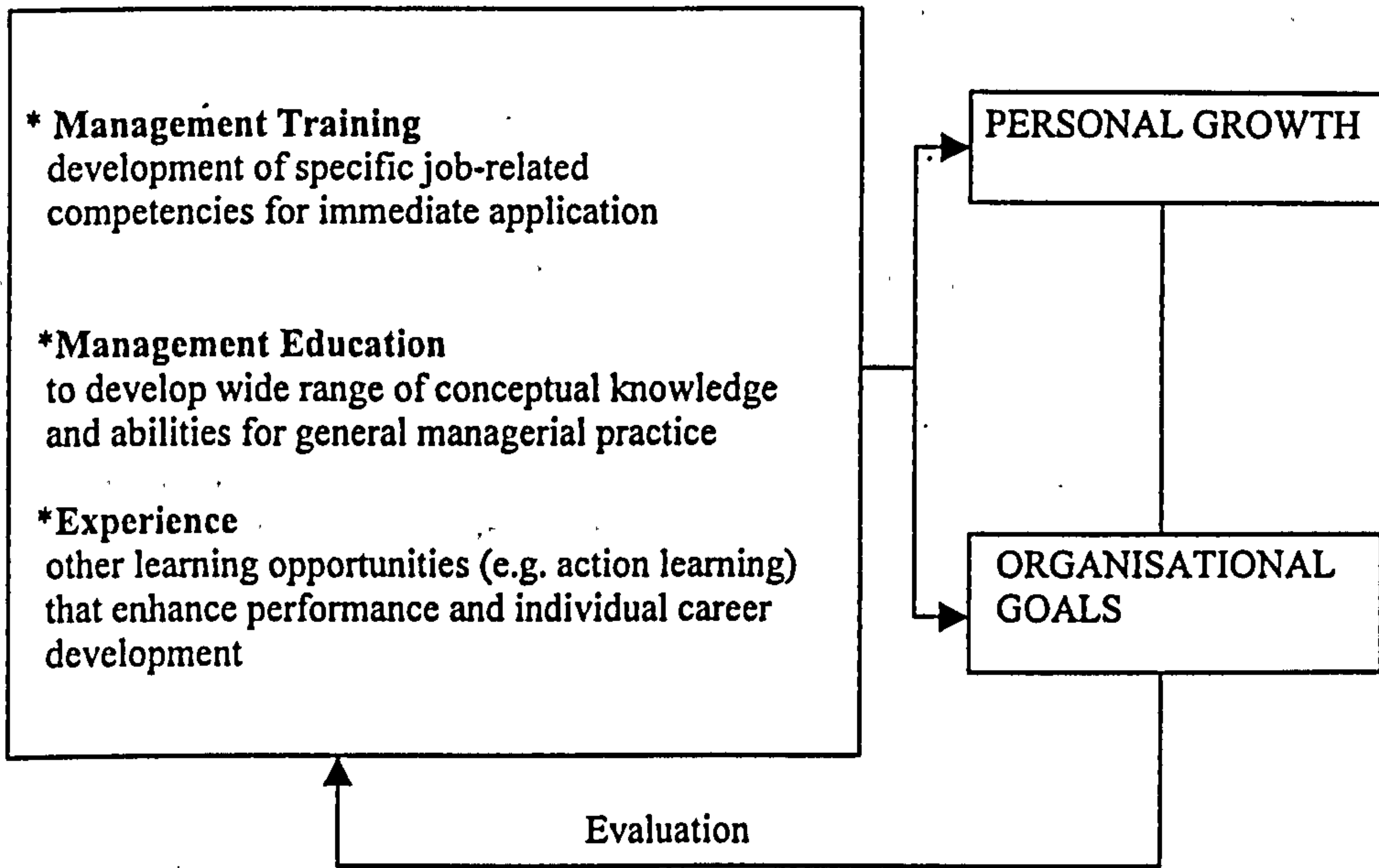
outdoor projects, experiences and personal initiatives (Heisler and Benham, 1992; Thorpe, 1990; Temporal, 1990; Mumford, 1989; Kubr and Prokopenko, 1989; Wexley and Baldwin, 1986; Revans, 1981; Ashton and Easterby-Smith, 1979). These writers explain that management development is not confined to management education and training, but also involves lifelong process of career development of managers and that incorporates continuous learning. In this context, the researcher regards management development as any continuous learning activities (planned and unplanned) that enables managers to develop skills, knowledge and abilities pertaining to the job context which directly may contribute towards organisational success and individual growth. In providing the above definition, the writer agrees with the argument put forward by Mumford (1989) who stresses that, management development does not only occur through formal and planned process but to a greater extent encompasses the non-formal as well. In his words;

“Management development is a total process which embraces the informal and accidental as well as the formal” (1989:5).

The informal, which constitutes mainly the experience gained gradually through an on-going working process of managers, contributes substantially towards their development in the organisations. In fact, Wexley and Baldwin (1986) argue that management development may occur on-the-job and off the job in which many valuable managerial experiences can be learned. *Figure 1* shows the key components of management development, including management training, management education and experience, all of which eventually is targeted at improving managerial performance and achieving organisational goals. Even though these are the major elements, of more concern to this study is the focus on management training. This is



because management training is viewed by the NPCs under study as a vital strategy that can develop their managerial capability quickly for immediate application as well as being seen as a tool to support TQM implementation.



**Figure 1 Management Development Activities**

#### 2.4.2 Clarifying The Concept Of Management Training and Education

The terms ‘management training’ and ‘management education’ which subsumed under the umbrella term management development seem inseparable to some writers (e.g. Hussey, 1988; Saari *et al.*, 1988; Watson, 1978; Legatt, 1972) as they make no clear attempt to differentiate these terms. Instead, they use them synonymously and interchangeably. Nonetheless, there are others (e.g. Heisler and Benham, 1992; Keys and Wolfe, 1988; Wexley and Baldwin, 1986) who have shed light by providing significant distinction between these two terms precisely in the aspects of nature, application and role. For instance, Keys and Wolfe (1988:205-6) defined management education as, “the acquisition of a broad range of conceptual knowledge and skills in formal classroom situation in degree-granting institutions.” While according to

them, management training is, "positionally and organizationally specific to those already in the ranks of management, which occurs in non-credit programs and on-the-job experience". This implies that management education is to provide knowledge for managerial practice while management training is seen as enhancing specific job related skills in which both eventually aimed at improving managerial effectiveness.

In another study, Heisler and Benham (1992) has advanced the understanding on the issue. They argue that;

"Management education is broad in scope and has application that are both immediate and long-term in nature. The role of education in executive and management development is to develop critical thinking skills and an understanding of complex issues affecting management practices. Management training is more narrow in scope...more immediate and job-specific in nature...demonstrates the practical utility of knowledge...by focusing on and emphasising application skills that are job or task-specific" (1992:2-8).

This clearly indicates that management education focuses on the development of cognitive skills and general conceptual knowledge whilst management training emphasises development of specific competency skills which is more practical and job-specific in nature. In the context of this study, management training is seen as a tool to specifically impart knowledge and skills to prepare managers in particular to implement TQM. At this juncture, the researcher asserts that there is significant difference between these two terms. Management education is the acquisition of broad managerial knowledge through formal structured teaching that probably leads to paper qualifications which is cognitive and analytical in nature that prepares an individual for managerial practice. Management training, obversely, is any formal or informal activities which are job-related, practical and competence-based in nature intended to enable a person to perform managerial tasks and responsibilities satisfactorily in specific organisational setting.



Figure 2 depicts the key features distinguishing management training from management education.

	Management Training	Management Education
Focus	Specific practical skills and competency-based	Broad conceptual knowledge and cognitive and analytical abilities
Duration	Short-term	Long-term
Emphasis	On organisation and job-specific in nature	No specific task or organisation in focus
Application	Immediate	Could be immediate or long-term
Offered by	Training institute or organisation	Academic institution
Accreditation	Non-degree credit programme Probably led to promotion	Probably degree credit-programme

**Figure 2 Key Features of Management Training And Management Education**

Management training is narrow in scope and designed for managerial groups and focuses on developing specific job-related competencies for immediate application in particular organisation setting, while management education equips managers with broad conceptual knowledge to cope with diverse situational contexts. Management training advances through the application of knowledge in real-life situation. Management education can be depicted as 'academic' in character as it stresses cognitive and analytical skills. With the objective to impart broad range of knowledge and understanding, management education could provide a solid foundation for managers to develop appropriate attitudes and skills to cope with variety of tasks in diverse situational contexts. Generally, management education is offered by academic institutions, which means that the acquisition of knowledge and skills is through formal teaching and simulated settings.



A number of researchers have indicated that management training and education form an integral part of the management development with the objective of improving managerial and organisational goals (Buckley and Caple, 1992; Kubr and Prokopenko, 1989; Saari *et al.*, 1988; Papalexandris, 1988; Barham *et al.*, 1987; Burke and Day, 1986; Zenger, 1985; Hand and Slocum, 1972; Campbell *et al.*, 1970). In view of the importance of developing managers in Britain, Constable and McCormick (1987), argued that many more managers need broad professional training and education if they are to compete successfully with others.

Many writers (Heisler and Benham, 1992; Albanese, 1989; Wexley and Baldwin, 1986) contend that coherent integration of management training and education is imperative to ensure continuous progress for both individual growth and organisational effectiveness. As Albanese (1989:67) concludes that while management education committed to providing cognitive learning or knowledge "about" management, management training executed the skills in "how" to manage, that is, competency learning and a balance between these cognitive and skill acquisition accounts for the success of management development. Therefore;

"a holistic and integrative perspective of development inputs is a necessity if management development is to be an effective and vital stimulus for increased organisational effectiveness" (Wexley and Baldwin, 1986:288).

As management development is usually initiated by the organisation, the process of learning, growing and improving performance in managerial tasks are thus linked to organisational goals and objectives. In this instance, Temporal (1990) argues that management development which involves a great deal in cost can be a futile investment if it does not bring returns related to improved organisational performance.

Whilst this study does not intend to rule out the importance of management education as one major process of managerial development, however, the focus on management training is seen as the central feature of the management development activity in organisations in this study. Because training has become a mainstream activity in most organisations;

“Management takes the view that, whilst properly organised training costs money, unplanned training, which relies on informal assistance from fellow employees, is inexpensive” (Reid *et al.*, 1992:51).

Moreover, considering the increasing complexity of business and industry, it is by pursuing a policy of management training that employers can ensure that their managers' skills are kept pace with technological progress and the current business demands. Many writers support the view that one key objective of most management training programmes is to impart practical managerial competencies so as to improve on-the-job performance and other work related issues (Harrison, 1992; Goldstein, 1989, 1980; McKersic and Klein, 1984; Wexley and Latham, 1981). As Harrison (1992) states;

“Comprehensive and high quality management training and development is of major importance of all this, since inadequately skilled and poorly educated managers are unlikely to see the need for anything but a similarly low and narrow level of skills for other employees” (1992:11).

Although it has been argued in one study that most learning takes place from such on-the-job experiences rather than training courses (Lindsey *et al.*, 1987); and that the incidence of training was perceived to have show no relation to performance (Mangham and Silver, 1986); however, some have challenged this apparent lack of impact. For example, in his observational report on the influence of training on organisational effectiveness, Zenger (1985:8) described it as, “one of the most powerful tools exist to impact individuals and organisations quickly and directly”. Similarly, in one

research using a sample of twenty-nine corporations, McKersic and Klein (1984) reported that training was rated as the most effective method for improving productivity when compared to other strategies such as manufacturing automation or organisation design. Furthermore, since these NPCs implementation of TQM requires managers to demonstrate quality leadership, commitment and active involvement, management training in Total Quality is one critical factor to ensure success. Analysis of findings in British Telecom, for instance, revealed that due to drastic changes that it had to endure following privatisation, the company invested heavily in management training and development (Stent, 1994:14). It can be said, therefore, the need for managerial development through training is seen as vitally important commensurate with the change in organisational status. Privatisation initiatives, was seen by governments of both countries as one "*common*" strategy to deal with the problems of the state enterprises.



## CHAPTER THREE

### POLITICAL AND ECONOMIC REALITIES, AND PRIVATISATION INITIATIVES

#### **3.0 Introduction**

This study argues that privatisation created the need for radical changes in NPCs in both Malaysia and Britain. The issues surrounding privatisation, therefore, need to be explored. Despite criticisms that privatisation may not be the best solution to the economic problems in the two countries (Jomo 1995a; Heald, 1983), it was seen that the growing dissatisfaction with poor provision of services and performance of the public enterprises and the belief that the 'market' could serve the public interest better, provided the impetus for both governments to favour privatisation. This change in status was intended to bring about improvements in business performance which were too difficult or being implemented too slowly under the previous ownership models. The first section of this chapter explores the economic and political realities of both countries in relation to the governments' decision to privatise the SOEs. This is then followed by an analysis of the concept of privatisation. The final section discusses the implementation of privatisation for SOEs in both countries.

#### **3.1 Economic and Political Background of Both Malaysia and Britain in Relation to the SOEs**

To provide a clear understanding of the research problem outlined in Chapter One, it is necessary to look into the origins of privatisation, both in Malaysia and Britain. Historically, the development of the SOEs in each country occurred in different

circumstances although the reasons for privatisation are similar. The literature on privatisation (Jomo, 1995b; Clarke and Pitelis, 1993; Adam *et al.*, 1992; Md. Salleh, 1991; Craig, 1988; Wiltshire, 1987) suggests that both Mahathir and Thatcher governments viewed privatisation as the best option to cope with the problem of a large and growing public sector, increasing public expenditure incurred by financing the SOEs, and the sluggish economic performance of both countries during the late 1970s and early 1980s. Despite criticisms that it may not be the best solution to these problems, economic and political pressures were strongly advanced in favour of privatisation.

### 3.2 State-Owned Enterprises (SOEs) and their Performance in Malaysia

The economic development of Malaysia, from independence in 1957 to the late 1960s, saw the country's economy shaped by a laissez-faire approach. During this time the country's open market system was considered stable economically and politically. Indeed, it was reported by Hensley and White (1993:72) that from 1957-1969, Malaysia's economic performance was robust with a growth rate of 6% and a per capita income growth of 3%. Moreover, the SOE's budgets remained robust and inflationary problems were practically non-existent. The economy in the same period was heavily influenced by the so-called 'Bargain of 1957' (Adam *et al.*, 1992), which was an arrangement made between ethnic groups that allowed the Chinese to dominate the commercial and business sectors, while the predominantly indigenous ethnic group, the Malays or 'Bumiputera', were divided with the minority elite retaining political control of the state, and the vast majority remaining in agriculture. This imbalance segregation of activities resulted in the Chinese becoming affluent whilst the majority of the Malays were deprived of greater



economic benefits. The growing tension resulting from the unequal distribution of wealth and disparity in the standard of living between these two major ethnic groups became apparent in the late 1960s. This resulted in increasing dissatisfaction among the Malays. In 1969 a major race riot occurred. This outbreak of violence prompted the ruling Malay government to undertake a restructuring to address the economic imbalance by introducing, in 1970, the New Economic Policy (NEP). This twenty-year plan had two main objectives: firstly, to restructure society; and secondly, to reduce ethnic economic disparities especially in the interest of the Bumiputera. The NEP subsequently marked the government's first direct intervention in the economy. This led to the creation of numerous SOEs between 1970 and the 1980s. These were mainly aimed at encouraging the participation of the Bumiputera. By the early 1980s, the SOEs numbered over 1,100, and formed 'among the largest in the world outside the centrally planned economies' (Adam *et al.*, 1992:215). However, after a decade the Government realised that a large number of the SOEs had not been performing as outlined in the NEP.

As Adam *et al.*, (1992) note;

"Reflection over the first twenty years of the NEP seems to suggest that government intervention in the enterprise sector has, with a few exceptions when natural or other monopoly conditions prevailed, failed to maintain the value of assets appropriated for the Bumiputera" (1992:226).

This failure, as will be shown below, was a major contributing factor to the introduction of privatisation in Malaysia.

### 3.2.1 *The Growing Deterioration in SOEs Performance*

One of the most pressing issues that led to the decision to privatise SOEs in Malaysia was an increasing dissatisfaction with the poor level of service and performance of the public



sector. With regard to this, Jomo (1995a) describes the generally lacklustre performance of the public sector, and criticises the loss-making public enterprises which conspicuously drained government resources. The government believed that privatisation could reduce state involvement in the economy which would subsequently lead to the enhanced performance of the public sector.

### *3.2.2 The Quality of Service in SOEs*

Another pressure for privatisation came from the increasing demand from consumers for better services from the public sector. By the early 1980s there was widespread dissatisfaction over delays and poor provision of services despite the large number of civil servants employed in the public sector. The major complaints in the media about the public enterprises' performance were inefficiencies, corruption and wastage. The government believed that privatisation could enhance efficiency through reduction of the levels of bureaucracy in public enterprises leading to a better quality of service. The argument for privatisation was that markets could serve the public interest better than politics, as evidenced by the experience of previous failures of government involvement in the nation's economy.

### *3.2.3 Government's Expenditure in Financing the SOEs*

The growing size of the public sector at this time was matched by a corresponding increase in public debt and public expenditure. It was reported by Md. Salleh (1991:598), that in order to finance the rapid expansion of the public sector, domestic and external borrowing had increased at a rapid rate. By 1982, the federal government had an

outstanding debt of about RM17 billion. For that reason, the first objective in the government's Guidelines on Privatisation (1985), was to relieve the financial and administrative burden of the government in undertaking and maintaining a vast and constantly expanding network of services and investments in infrastructure. Thus, the government believed that privatising these SOEs could curtail public spending and decrease the government's financial burden.

#### *3.2.4 Private Sector is Seen as a Primary Vehicle for Economic Growth*

It was the government's intention to increase private sector involvement in the nation's economic growth especially in the sectors which previously had been dominated by public enterprises. This, it was believed, would stimulate growth by liberalising market forces based on the notion that free market forces could dictate the best way to produce, consume and invest (Ramanadham, 1989). The encouragement of private sector involvement in the economic development of the country was clearly reflected in various privatisation initiatives: firstly, through allowing the private sector to enter activities such as rail services, telecommunications, and energy traditionally run by the public sector; and secondly, through rewarding private sector groups or individuals who proposed innovative ideas for the implementation of privatisation projects such as the North-South highway project and garbage disposal services (Ramanadham, 1989). Thus, the commitment to privatisation was focused on promoting private investment and increasing active involvement of the private sector to enhance the nation's economic development.



### 3.2.5 *The Role of Privatisation in Accelerating Wealth Distribution to the Bumiputera*

The government's decision to privatise SOEs was also based on the belief that it could contribute towards meeting the objectives of the NEP, stated in the *Guidelines on Privatisation* (1985) as;

"The target of ownership restructuring in the corporate sector is to have at least 30 per cent Bumiputera ownership, other Malaysians 40 per cent and foreign interests 30 per cent, by 1990" (1985:22 ).

Privatisation initiatives, therefore, remained as the Government's method of pursuing one of the NEP's objectives which was not attained through the creation of large number of public enterprises. Many analysts (e.g. Adam *et al.*, 1992; Md. Salleh, 1991) agree with the view that the NEP's objective of redistributing wealth to the Bumiputera through equity ownership in private enterprises emerged as the central focus of the privatisation initiatives. However, many critics of privatisation have claimed that privatisation would only result in the transfer of assets from one wealthy elite, 'the Government' to another, 'big business or politically influential, wealthy Bumiputeras' (Jomo, 1993; Md. Salleh, 1991). The greatest concern here is whether equal distribution can be guaranteed to ensure privatisation achieves its objectives.

Some writers (e.g. Jomo, 1995a; Adam *et al.*, 1992) argue that the NEP actually hampered the growth of the Malaysian economy, due to a serious degree of '*positive discrimination*' which resulted in too high a degree of '*over-protection*' given to the SOEs. This, in turn, produced inefficiency and low performance (Adam *et al.*, 1992; Yusof, 1989). In addition, the increase in the number and rapid expansion of the SOEs raised the



amount of public expenditure to an alarming level. It was reported by Md Salleh (1991:598) that the amount owed to the federal government by the SOEs increased from RM\$1.2 billion in 1970 to approximately RM\$17 billion in 1982. It was not until the severe world economic recession in the early 1980s which precipitated fiscal and debt crises, that the Government began to take action on the SOEs. With the appointment of Dr Mahathir Mohammed as Prime Minister in 1981, the creation of new SOEs was slowly brought to a halt. Following that, the Central Information Collection Unit (CICU) was established by the Government to assess the performance of the SOEs. Data was collected on the SOEs by the CICU to calculate the extent of the government's equity, paid-up capital and business turnover of the SOEs (Md. Salleh, 1991). The study concluded that there were significant internal microeconomic weaknesses, in particular management weaknesses. These, rather than failures in the macroeconomic environment in which the SOEs operated, caused poor low performance (Adam *et al.*, 1992). Further, Adam *et al.*, (1992) argue that there were other contributing factors;

“poor or non-existence shareholder discipline, the government ignorance of SOEs activities even though it was the major or sole shareholder, poorly designed incentive structures and easy access to soft finances which led to poor resource allocation decisions and frequent operational inflexibility” (1992:226).

Similarly, Md. Salleh (1991) points out that the SOEs poor performance also stemmed from an inadequate evaluation of management performance, lack of profit orientation, the existence of barriers and the dampening economic conditions in the mid-1980s.

It has been suggested that Malaysian privatisation will not lead to more efficient and productive enterprises. For instance, Jomo (1993) has argued that privatisation in

Malaysia has led to the abandonment of government commitment to public enterprise. And that the promotion of privatisation has replaced any effort to run the public sector more efficiently. Despite these criticisms, the government was convinced that the implementation of privatisation could significantly contribute to solving major economic, political and social problems. This view was given added impetus after the reassessment of the New Economic Policy when it was found that results achieved were far below target (Adam *et al.*, 1992:226).

If SOEs were underperforming economically, they were also failing politically. They did not attain the NEP target of a 30% stake for the Bumiputera by 1990. As predicted by Ramanadham (1989), the share of Bumiputera in corporate ownership only reached 22.2% by 1990. In light of this, privatisation was seen as a refinement of the policy which would contribute significantly to achieving the NEP's restructuring objective. Many analysts suggest that the implementation of this new concept in Malaysia mirrored the experiences of earlier privatisation efforts in other countries, and that the privatisation was merely imported from such countries, especially Britain (Adam *et. al*, 1992; Craig, 1988). This study, however, argues that the concept of privatisation has not been totally adopted. Rather, it has been adapted and adjusted to the Malaysian situation where it leads to different processes and outcomes. Further explanation of these differences are discussed in Chapter Twelve but some consideration now needs to be given to the development of privatisation in Britain.



### 3.3 State-Owned Enterprises (SOEs) and their Performance in Britain

The creation of the SOEs in Britain started during the late 1940s, largely through the influence of the social democratic movement and Keynesian economic ideas (Peden, 1985; Fraser, 1988). The Labour Party which took the office during this time, supported by the trade unions and a large segment of the British population, argued that placing the economic and political power in the hands of the government was desirable to protect the government from having their policies dominated by large, privately-owned corporations (Miller, 1995). This so-called '*Post-War Settlement*' resulted in the;

"government assuming prime responsibility for economic management and for fine tuning the economy,...to attain four primary economic goals: full employment; price stability; balance of payment equilibrium; and economic growth" (Farnham and Horton, 1995:10).

The Post-War Settlement greatly influenced successive Labour governments. This was reflected in the growth of the welfare state (Jackson and Price, 1994; Peden, 1985) paralleled with intense activities of nationalising key industries with the goals of '*promoting efficiency*' and providing '*universal service*' (Veljanovski, 1987). By 1970s, there was the pressure of fiscal crisis in state resources brought about by rising oil prices and the problems of capital accumulation (Kirkpatrick and Martinez Lucio, 1995). Coupled with this was the growing criticisms on the performance of the public sector due to rising levels of unemployment, an increase in inflation and taxes and a rapid increase in public sector borrowing (Farnham and Horton, 1995; Veljanovski, 1987; Peden, 1985). The growth of the welfare state was reported to have led to significant expansion in the size of the public sector from 25% in 1946 of the UK Gross Domestic Product (GDP) to 52% in 1970 (Jackson and Price, 1994). The Public Sector Borrowing Requirement



(PSBR) increased from 6.5% of the GDP in 1973 to 11% in 1975 (Peden, 1985). Moreover, it was said that over-expanded public sector budgets, the delivery of public services from the viewpoint of the public sector staff assessment of what was needed rather than consumer assessment, technical waste and inefficiency in the production processes, all caused public sector failure to deliver public services efficiently and effectively (Jackson and Price, 1994). This inefficiency in the state bureaucracies also led to criticism for non-responsiveness and detachment from the needs and demands of individual consumers (Kirkpatrick and Martinez Lucio, 1995). Other criticisms of the public enterprises include being;

“too professionally dominated, lacking client involvement, acting as unaccountable monopolies and being under and poorly managed” (Farnham and Horton, 1995:12).

These arguments, therefore, led to claims that changes were needed to make the public sector more efficiently managed and more profitable while at the same time revitalising the UK economy. The election of the Conservative government in 1979, the then Prime Minister Margaret Thatcher, accompanied by anti-Keynesian right-wing economic thinkers led to the introduction of the privatisation initiatives in Britain (Farnham and Horton, 1995). It was said the reason behind this mainly was that ‘markets’ were preferred to ‘politics’ as a means for allocating resources and distributing welfare in the new ‘*enterprise culture*’ of the 80s. The new Government strongly opposed state intervention in industry, wanted to abolish controls, subsidies and other attempts to prevail over market forces (Cairncross, 1992:234). At its outset, the privatisation era which began in Britain was referred to by some as, ‘the rolling back the frontiers of the state’

(Miller, 1995; Clarke and Pitelis, 1993; Thomson, 1992; Lapsley and Wright, 1990). In explaining the assumptions that underpinned the British government's move towards privatisation, analysts have identified the difficulty of outlining precisely the objectives of British privatisation. These objectives have not been stated clearly and have been changing as the programme proceeded (Vickers and Yarrow, 1991; Bishop and Kay, 1989; Letwin, 1988). Further discussion concerning the lack of clarity of objectives and the difficulty in identifying them will be found in Section 3.8.3 of this chapter.

### 3.3.1 *The Growing Disillusionment in SOEs Performance*

One of the major factors that influenced the British government in favour of privatisation was the belief that State-Owned Enterprises (SOEs) had not increased and were not capable of increasing productivity and efficiency, nor had they controlled wage demands and price increases (Richardson, 1990). Furthermore, the SOEs had produced low return on capital, had a poor record on prices, productivity, manpower costs and most important, were unable to provide satisfaction to the customer (Richardson, 1990). This view is supported by Bacon and Eltis (1976) who argue that unproductive services from SOEs since the 1960s tended to drain government's revenue. The government claimed that the privatisation of SOEs was necessary because the welfare state had become bureaucratic and inefficient, and that free or subsidised services often benefited the middle class rather than those for whom they were intended (Peden, 1985). Privatisation, could promote efficiency and restore freedom of choice to the customer (Heald and Steel, 1981).



### 3.3.2 *The Quality of Service in the SOEs*

Quality service became an important feature of competitiveness in the private sector in the 1980s, and this was central to the government's argument in attempting to improve public sector service performance. Moreover, increasing public expectations in public sector quality service delivery also prompted the government to find ways of improving this. One major step taken by the government was the publication of the White Paper, "*The Citizen's Charter*" (1991) underlining specific principles and introducing measures aimed at improving public services in four major areas: quality, choice, standards and value. The *Charter* initiative indicated the government's commitment to guarantee the quality of service, efficiency and value for money for public consumers (Kirkpatrick and Martinez Lucio, 1995). The means of improving quality outlined in the *Charter* initiative included complaints procedures and rights to redress if services were below standard (Kirkpatrick and Martinez Lucio, 1995). Many writers argue, however, that the belief that the public sector was synonymous with low quality service and inefficiency was misleading (Vickers and Yarrow, 1988; Millward and Parker, 1983). However, the Government was convinced that change in status, correlated with market competition and profit incentive, could enhance the pursuit of enterprise efficiency (*The Citizen's Charter*, 1991). The introduction of privatisation, therefore, is closely linked to improving quality of service which would be otherwise difficult to achieve in public sector organisations.

### 3.3.3 *Revitalisation of the Nation's Economic Growth*

At the same time, Government's perception was that the nation's economic growth needed revitalising. This was based on the belief that the state was inefficient at



controlling and owning business as the priorities, pressures and time horizon had changed, thus companies were better managed privately (Moore, 1985). The rationale behind this was that the government perceived that privatisation could introduce competition, thus improving the economic performance of the industries concerned and subsequently would spur the nation's economic growth (Miller, 1995; Donaldson and Farquhar, 1988). It was argued, however, that privatisation was unnecessary and that public sector reform or introduction of competition could yield better results (Jomo, 1995a; Heald, 1983). Nevertheless, there were positive benefits resulting from privatisation. These included organisational restructuring towards more efficient and more commercially oriented enterprises, the focus on quality customer service, and increasing recognition of management training in developing managers to support TQM implementation for the NPCs.

It can be argued, therefore, that the privatisation initiatives in both Malaysia and Britain had a great impact on the future of SOEs, especially on the way they were managed. It can also be seen that the management of change is essential particularly for internal structuring and for coping with external changes. In other words, this research is based on the general position that external changes stemming from privatisation have triggered major internal transformations in organisation and management. The rationale behind establishing the NPCs was to limit political intervention, introduce commercial goals and provide incentives for managerial efficiency (Parker and Hartley, 1991:633) In this regard, privatisation makes radical changes for business improvement and investment possible, which leads to results which had been politically and financially difficult to

achieve under public ownership.

### **3.4 The Introduction of the Privatisation Initiative**

Privatisation has been a central feature of the economic policies of many developed, developing and even less developed nations around the world during the last decade. It has emerged as a global phenomenon which has radically transformed SOEs into new, privately owned corporations. The claim that excessive state intervention in the economy led to inefficient allocation of resources and inhibited of healthy economic growth underpinned this change (Clarke and Pitelis, 1993). This assumes that efficiency is a main distinguishing feature between the private and public sector organisations.

The issue of efficiency has been closely linked to managerial incentives, competitive forces and differing objectives (Clarke and Pitelis, 1993). These writers argue that the motive of profit-maximisation in the competitive market has led managers in the private sector to use resources efficiently. This is not the case in the public sector where managerial incentives for efficient resource allocation and profitability is less pressing, thus producing inferior performance. This argument, that an enterprise's efficiency can be achieved through market liberalisation and without state intervention in the enterprise, supports the drive for privatisation initiatives by governments.

Some opponents of privatisation (e.g. Donaldson and Farquhar, 1988; Chang and Singh, 1992) contest the claim that the public sector is inferior to the private sector and that changes in status does not necessarily equate to efficiency improvement. Studies of the effects of ownership on performance suggest that there is no overwhelming support for



the view that change in status will raise efficiency and that competition may be more important than ownership to be efficient (Dunsire *et al.*, 1988; Millward and Parker, 1983). Furthermore, Bishop and Kay (1989:649-52) note that there is, 'considerable ambiguity about the relative role of competition and ownership in promoting superior performance' in that performance improvement following privatisation, 'has more to do with the nature of the industries concerned than with their ownership'. This, therefore, raises the question of whether a change in status or the nature of the firm influences its performance. A study of the effects of ownership change on performance by Parker (1995) reveals that major internal changes in an organisation adapting to cope with the demands of the external environment are necessary to increase efficiency. Despite the conflict over whether change in ownership really matters in improving organisational performance (Parker and Hartley, 1991; Dunsire, 1991), privatisation continues to be a major economic policy of governments in many countries. Many governments are continuing to seek to privatise virtually all their major SOEs, including public utilities, railways, ports, and airlines that were formerly classed as '*strategic*' (Kikeri *et al.*, 1992).

In Britain, privatisation was first introduced in the late 1970s. The purpose was three-fold: to expose public enterprises to the discipline of market competition; to create a share-owning democracy with the sale of shares in the enterprises; and to reduce the government borrowing requirements in order to lower taxation (Cairncross, 1992). The Malaysian Government adoption of privatisation initiatives began in the early 1980s as an effort to accelerate the country's economic growth through the participation of the private sector. Since then, there has been an accelerating trend towards privatisation. This



phenomenon, was observed in many countries by Kikeri *et al.*, (1992);

"Governments around the world are privatising state-owned enterprises in an effort to improve their efficiency and lessen the financial burden they often represent for taxpayers" (1992:13).

It is further noted by Ernst and Young (1994) that since 1980, "more than 10,000 state-owned enterprises (SOEs) in over 100 countries have been privatised, not including the literally hundreds of thousands of small shops, service businesses, and farms that have been taken over by private owners", with privatisation being regarded by many governments as, "a way in which to jump-start many nation's stalled economies" (1994:12).

The view that privatisation can reinforce economic growth has been most appealing to developing countries. As Hanke (1987) writes;

"privatisation can be the right step at the right time to liberate the economies of developing countries from the slow growth or stagnation that has plagued so many of them for so long" (1987:18).

However, Cook and Kirkpatrick (1995) caution that governments should not regard privatisation as a panacea for major structural imbalances and economic malaise, although it may help the move towards economic liberalisation. Many critics argue that exaggerated expectations of privatisation have, in fact, diverted governments' efforts away from alternative measures such as public reforms ( Jomo, 1995a; Heald, 1983; Letwin, 1988). Jomo (1995a), for example, questions whether privatisation was the only method able to overcome the current inefficiencies in Malaysian SOEs which he sees as being primarily due to the nature, interests and abilities of those in charge rather than any fundamental organisational factors. Wiltshire (1987), on the other hand, argues that public enterprises could be as efficient as private ones if they were subject to more competition and less political constraint. Studies of privatisation have claimed that the

preference for privatisation came from past experience of public sector reforms that have provided evidence that such reforms were much more difficult to implement than privatisation (World Bank, 1992; Galal, 1991). Privatisation initiatives remain a major strategy for many governments in revitalising their SOE's performance and reviving the economy. In order to understand why privatisation has increasingly been put into practice and attracted many governments, it is necessary to examine the concept in more detail.

### 3.5 The Privatisation Concept

A review of the concept of privatisation reveals a variety of definitions (see Adam *et al.*, 1992; Bos, 1991; Vickers and Yarrow, 1988; Cook and Kirkpatrick, 1988; Swann, 1988; Hanke, 1987; Savas, 1987; Kay *et al.*, 1986; Pirie, 1985). These range from transferring entitlement and increasing efficiency to reducing government interference to promote economic growth. The most common definition refers to privatisation as the transfer of ownership from the 'public' sector to the 'private' sector (Ernst and Young, 1994; Bos, 1991; Hanke, 1987). It is misleading, however, to perceive privatisation as the complete withdrawal of state involvement or as a laissez faire approach since politically, government intervention is still high on the agenda. Chapman (1990) asserts;

"Many imagined that by privatising the nationalised industries the Government was abdicating control of them, and abandoning them to market forces. This was far from the case. Each privatisation was accompanied by the introduction of a new regulatory apparatus. And, in many instances, the Government retained total control with its ownership of a golden share" (1990:116).

The change of ownership does not mean the total abandonment of government control. Rather, alternative means of influencing the newly-privatised organisations are



established, for instance, in the form of a regulatory body to ensure that regulations are applied.

In defining privatisation, several writers see it as having three different but interrelated levels, viz., denationalisation - complete sale of public sector assets or joint-ventures; deregulation or liberalisation - the opening of state activities to private sector competition; and tendering or franchising - the contracting out of public provision to private firms (Cook and Kirkpatrick, 1988; Kay *et al.*, 1986). From another perspective, Pirie (1985) notes that the idea of privatisation involves transferring the production of goods and services from the public sector to the private sector. To him, this approach means having to operate privately that which was done publicly, and recognising that the regulation which the market imposes on economic activity is superior to any regulation through political activity or the legal system.

The definition of privatisation also tends to vary according to where it is being implemented. Hanke (1987) observed that in countries like Britain, France and most developing nations, the term privatisation refers to the transfer of assets and service functions from public to private hands in which activities range from selling state-owned enterprises to contracting out public services with private contractors. In the United States, however, where only a few economic sectors are government owned, privatisation tended to be limited to contracting out of public services.

Letwin (1988) argues that privatisation is much easier to describe than to define. It involves more than one authority, has to undergo various processes and options, involves



the setting of different objectives and is supported by different rationales in different situations. However, he notes one similarity shared by most approaches, to reshape economic performance for more effective and efficient returns. These definitions centre around the effects of privatisation. Ramanadham (1989) notes that the term privatisation is often used to convey a variety of ideas. It covers a wide range of possibilities, not merely in the structural sense of who owns the enterprise, but in the substantive sense of how far the operations of an enterprise are brought within the discipline of market forces, ranging from denationalisation to market discipline. Thus, there is no one term to precisely and comprehensively capture the meaning of privatisation.

Despite variances in the definitions (e.g. Adam *et al.*, 1992; Kikeri *et al.*, 1992; Vickers and Yarrow, 1988; Kay *et al.*, 1986; Beesley and Littlechild, 1983) privatisation is in this study taken to mean the transferring ownership by sale from that of the public sector to private investors with the intention of stimulating economic efficiency by increasing competition in the market place, thus, ultimately improving business performance. In discussing the national effects of privatisation, most writers acknowledge that the concept of privatisation is closely related to the issue of economic restructuring (see Kikeri *et al.*, 1992; Adam *et al.*, 1992; Vickers and Yarrow, 1988; Cook and Kirkpatrick, 1988; Hanke, 1987; Beesley and Littlechild, 1983; Heald and Steel, 1982). For example, Kikeri *et al.*, (1992) argue that;

"privatisation, when correctly conceived and implemented, fosters efficiency, encourages investment and thus new growth and employment, frees public resources for infrastructure and social programs" (1992:13).

In other words, privatisation is regarded as a way to channel public resources to a more

beneficial usage which eventually leads to national economic efficiency for society.

The notion that change in ownership can lead to gains in efficiency remains problematic. Cook and Kirkpatrick (1995) have concluded that what emerges from the debate on performance and ownership is that efficiency gains are more likely to result from an increase in market competition than from a change in ownership. Their argument is supported by another study which stresses the importance of competition over ownership (Millward and Parker, 1983). Conversely, there is a growing evidence that changes in ownership do improve performance (Kikeri *et al.*, 1992; World Bank, 1992; Hutchinson, 1991). In a study comparing performance between privately-owned and government-owned firms in the UK, Hutchinson (1991) concluded that privatisation of public enterprises gave rise to higher levels of profits through a positive effect on the profitability performance of the affected firms. This suggests that a change in status does tend to improve performance. There is another view however, which argues that, while a change from public to private ownership may be necessary to yield improvement in economic performance, this is more likely to be achieved providing the transfer of activities from the public to the private sector accompanied by increasing market competition (Vickers and Yarrow, 1991; Haskel and Szymanski, 1991; Cook and Kirkpatrick, 1988). They contend that improvement in economic performance can be achieved only when privatisation leads to the newly-privatised enterprises being subjected to greater market forces than was the case under public ownership. Further, even if changes in ownership are accompanied by market competition, this is not enough for performance improvement to take place if it is not followed by changes in



management. Therefore, it is suggested here that changes in management practices are essential following a change in ownership status.

This argument is supported by many analysts (e.g. Kikeri *et al.*, 1992; Bos, 1991; Parker and Hartley, 1991) who show that privatisation accompanied by change in management has led to an increase in efficiency. It can be concluded that unless change in ownership is accompanied by increased openness to market forces and changes in management, the probability of improved performance will not be fully realised. This study therefore converges to the view of Parker and Hartley (1991) that;

“privatisation will produce the greatest efficiency gains where competition replaces public sector monopoly, the management is changed for better and their employment contracts offer incentives to improve organisational performance” (1991:124).

The above argument is based on the assumption that private sector organisations are managed differently from those in the public sector. It also assumes that, while the public sector suffers from political intervention in decision-making which creates constraints for growth, privatising the enterprise should virtually eliminate political interference in management decision-making, thus giving freedom for innovative managerial thinking to utilize opportunities for organisational growth.

### 3.5.1 *Political Reasons for Introducing Privatisation*

Perhaps, the one fundamental element that has brought about increasing enthusiasm for privatisation is the impressive array of benefits it promises to deliver. As Pirie (1995) notes;

“One reason why privatisation has become so significant a force in modern economies is that it achieves many objectives simultaneously” (1995:21).



Since the Conservative Government in the UK created the most striking example of what privatisation can do, this initiative has found increasing appeal among many nations (Cook and Kirkpatrick, 1995; Bishop *et al.*, 1994). Wiltshire (1987) contends that in Britain, besides the publicised economic aims, there were some hidden political intentions. He defines the initial reason of British privatisation being the promotion of competition and increasing efficiency. To this was added the reduction of political meddling in the affairs of business enterprises and producing a transparency of decision-making. The Malaysian Government's effort to privatise some of the SOEs is aimed at enhancing competitiveness, efficiency and productivity in the economy, while reducing the administrative and financial burdens on the Government and expediting the attainment of national distributional goals (Mohamad, 1991:12). Some SOEs in Malaysia were never seen to be efficient or profitable even though they were monopolies. From this situation, arguments arose that to achieve efficiency, bureaucratic organisations had to undergo a restructuring process as;

"the traditional values such as job security were no longer affordable in a world dominated by chronic budget deficits and worrying public debts; and the assertion that, anything the public sector does the private sector can do cheaper and better " (Kouzmin *et al.*, 1995:56).

Ernst and Young (1994), in discussing the reasons for privatisation, noted, however, that the objectives of national governments vary from ideological justifications to pragmatic arguments and include both. Ideological justifications stem from the belief that the government is too large and that the private sector can operate more efficiently and effectively than the public sector by being better able to divert money and skilled

personnel to more important activities. This is true in the case of the Malaysian Government. The most publicized aim for privatisation was to reduce the size of the public sector which at that time was considered too large and inefficient. The pragmatic justifications, according to Ernst and Young (1994), are both economic and political. While privatisation can be a way for politicians to gain political support by increasing the general level of economic well-being of the country, the growing debt and financial burden of many SOEs has forced governments to seek ways to raise capital and this has been attempted through selling off loss-making public sectors to reduce existing expenditure. In this context, Ernst and Young (1994) have argued that privatisation can not only economically raise revenue to meet the nation's expectations but bring political benefits. Similarly, Letwin (1988) argues that most privatisation initiatives come about for a multitude of different reasons, with some being clearly linked to the pursuit of the nations' interests while others were unstated but were distinctly political. There is no doubt that, of the various reasons underpinning privatisation, the most consistent theme is that state ownership itself produces poor performance in the face of a pressuring need to increase efficiency and productivity. In this manner, the argument surrounding this theme has been termed the Privatisation Debate.

### **3.6 The "Privatisation" Debate**

The debate about the merits of privatisation has shed light on many issues which previously have been overlooked or hidden. Of particular relevance to this study was that, privatisation models were seen as the driving force for creating change and efficiency in the NPCs under study. Proponents of privatisation argue that it will

ultimately yield efficiency, enhance economic freedom and growth, distribution of wealth and power in terms of ownership sharing, and reduction or elimination of fiscal deficit and national debt (Pirie, 1995, 1988; Bishop *et al.*, 1994; Moore, 1992, 1985, 1983; Kikeri *et al.*, 1992; Beesley and Littlechild, 1983; Bos, 1991; Pulkingham, 1989; Letwin, 1988; Fraser, 1988). Opponents of privatisation, on the other hand, argue that it is anti-unionist and leads to selling the family silver, selling assets at low prices, market abuse of small shareholders, jeopardising public welfare and interests, destroying a coherent economic policy, threatening service standards, safety and continuity of supply to customers, and increasing unemployment (Jomo, 1995a; Macmillan, 1985; Hastings and Levie, 1983; Shackleton, 1984; Heald and Steel, 1982).

One of the most celebrated political arguments put forward by the Conservative Government when proposing privatisation is '*democratization*', as it triggers a more widespread ownership of shares and reallocation of power to many private individuals, producing the share owning democracy (Bos, 1991). It is argued that with this redistribution of wealth and power, lower-income earners, employees and consumers become more aware of their rights and take more interest in the newly-privatised industries. This proposal, however, has been criticised for being too ambitious as there is evidence from the privatisation experiences of several European countries that the small investors, who have been targeted to share the ownership, sold their shares shortly after purchasing them to gain a quick profit (Bos, 1991:4-5). In supporting the idea of privatisation for better service to customers, Beesley and Littlechild (1983) contend that



with appropriately designed policies and schemes, consumers will benefit, directly or indirectly. They assert that two sets of consumers will gain;

"actual or potential consumers of the industry; and other consumers, who benefit from savings in resources which may accompany privatisation; thus, if lower subsidies are paid, other consumers will benefit via lower taxation" (1983:38).

This view of customers gaining advantage is considered by Moore (1992), who provides an interesting insight by comparing socialism with the evolution of a new free market society as a corollary of privatisation which he describes as, "capable not only of rescuing individual industries and a whole economy headed for disaster but also of transforming public attitudes towards economic responsibility and the concept of private property" (1992:115). He further emphasises the benefits of privatisation that can be extended from the industry and its employees to the consumers and citizens who share its ownership.

On the other hand, critics raise the issue that privatisation will hand over monopoly powers to private interests who are likely to increase charges and reduce the standards of services for profit maximization, and divest themselves of non-economic social services which will jeopardise the public interests, especially employees, consumers and the poor (Jomo, 1993; Veljanovski, 1987; Wiltshire, 1987). In the words of Veljanovski (1987);

"The call for more competition faster also fails to recognise that it risks a deterioration in the quality of services and undermines the financial capacity of particularly the privatised utilities to meet their public service obligations..." (1987: 14).

However, Miller (1995) in his study of British Privatisation, asserts that despite the elimination of many jobs, privatisation has led to a provision of improved service, better quality, more choices, new products and lower prices to consumers. On examining the link between an increase in efficiency and a change in ownership leading to a change in

management behaviour, Bos (1991) notes that this produced a reduction in government intervention, management freedom from government bureaucratic constraints and their (management) careful analysis of the market value of the shares from the stock market. Similarly, reviewing the experiences of more than eighty countries that privatised their SOEs, Kikeri *et al.*, (1992:24) assert that improved management, autonomy from political interference and greater access to capital investment resulting from privatisation were important factors that enhanced enterprise performance and efficiency. Based on their judgement of the evidence from a number of cases, Kikeri *et al.*, (1992) conclude that privatised companies grow more rapidly and are better able to contain their costs than before privatisation.

Opponents of privatisation, on the other hand, argue that there appears to be a paradox in the government's claim that privatisation can reduce government intervention and provide the right to manage the newly-privatised organisations. Young (1986) argues that although there is a reduction in control, there is an increase in influence in that in some circumstances new or extended regulations are imposed and there is still very considerable scope for government intervention and influence in the private sector. Although the new regulations in the private sector do seem to exert some influence in the way the private sector operates, privatised companies contend that there are fewer constraints and less political intervention in management. Evidence from one recent study of executives from privatised and would-be privatised companies conducted by United Research (Walters, 1990) reveals that privatisation has given management the freedom to 'control their own destiny' in that companies are free to set their own strategic



vision, able to make major investments and organisational restructuring, improve morale of managers who now understand better their core business and can concentrate on how to respond to customer expectation. This, therefore, strengthens the argument that privatisation is necessary to bring about the changes needed in companies for better managerial and organisational performance.

While the issue of private ownership yielding greater efficiency remains problematic, this study looked at change in status as a trigger for SOEs to become more efficient and productive. This is based on the argument that privatisation would eliminate political interference in management decisions, that equity ownership among employees will increase their motivation and productivity, and that the business will have more flexibility and a greater ability to invest and obtain funding to enable them to improve service (Miller, 1995; Walters, 1990). Here, Walter's (1990) study provides evidence that privatisation has allowed many companies to gain freedom to exploit new business opportunities, removed many restrictions on management decisions and enhanced the companies abilities to respond to competition. Despite the popularity of privatisation with some governments and in some sectors of industry it is not universally welcomed. Whilst most of the literature on privatisation centres around the British experience, these arguments can, to some extent, be applied worldwide. Many of the arguments in favour of privatisation advanced in Britain find their parallels in Malaysia. At the same time, some of the counter arguments deployed against the policy in Malaysia are similar to those put forward against British privatisation.



### **3.7 The Nature of Privatisation in Malaysia**

Yahya (1987) summarises the rationale for pursuing the privatisation of public sector agencies and services as being to increase private sector involvement, to reduce the financial and administrative burden of the government; and to increase efficiency and quality of public services within the economy. However, the notion that inefficiencies of the SOEs in Malaysia cannot be overcome except through privatisation has been criticised by Jomo (1995a). He argues that if the inefficiencies were primarily due to the nature and interests of the people in charge, rather than being a public ownership, then privatisation itself would not solve the problem. He further argues that even though privatisation may increase efficiency, such a change in ownership may not necessarily bring benefit to consumers because it is likely that charges will be raised for the privatised services. In this regard, he suggests that management reforms and greater competition are probably desirable, rather than change in ownership. To an extent, although studies (e.g. World Bank, 1992; World Bank, 1983) reveal some improvement in performance as a consequence of public reforms, however, few problems have been identified associated with the failure of reform programmes. One problem is that reforms are difficult to implement. Even a well-designed reform programme can fall short of implementation (World Bank, 1992). Another major problem reported by the World Bank (1992) is that performance improvements have proved difficult to sustain once the crisis that instigated the reforms dissipated. Moreover, in Malaysia, apart from the recognition of the limited and unsustainable nature of past reforms, such attempts seem not to have decreased the size of the huge public sector and or the debts accrued by the

public enterprises. Failures in organisational reforms have not been limited to developing countries like Malaysia, however, in developed countries, particularly Britain, this has produced an unimpressive impact. Farnham and Horton (1995) argue that;

“In spite of the many structural and procedural changes, the impact of these on the culture of the service appeared to have been limited...administrative elite still saw itself as serving ministers above rather than managing large organisations below...Individual managers had no power to hire and fire, promote staff or withhold salary increases...The ethos of the organisation was one of service rather than business” (1995:132).

This argument suggests that where this programme was compounded by the non-existence of managerial autonomy and accountability, implementing organisational reforms seems difficult and unsuccessful. Privatisation, thus, is seen as the most desirable way to reduce inefficiency and increase productivity, to relieve the financial and administrative burden of the government, and to stimulate economic growth through the private sector.

### *3.7.1 The Privatisation Policy and Practice in Malaysia*

The term privatisation in Malaysia refers to the transfer of entities already owned by the Government as well as new projects involving all or any of these three aspects: management responsibility, assets and personnel to the private sector (EPU,1993:1). The definition also includes;

“cases where less than half of the assets or shares of public enterprises are sold to private shareholders, and even cases where public enterprises are allowed to undertake activities previously monopolised by the state” (Jomo, 1995a:228).

The policy of privatisation was actually initiated at the time when the SOEs had increased to over 900, and the Government was alarmed about these enterprises' performance

against the burgeoning increase in public expenditure. Privatisation policy was then seen as the best approach by the Government to promote new economic growth and national development through greater participation from the private sector. The drive for this effort was supported by the Prime Minister (1985). In his words,

“may I take privatisation. We know that it is a form of encouragement for greater private investment and expertise in the development of the economy. Incidentally it will also reduce the size and extent of the direct participation of the Government in the economy, a participation that is often costly and with due respect to everyone concerned, inefficient. Privatisation is in effect an encouragement for greater competitiveness in economic activities instead of survival through monopoly and highhanded Government action...A competitive environment which is believed to prevail in the private sector should be conducive to high productivity and efficiency” (Mohamad,1985:8).

In essence, this policy was concerned with the withdrawing of Government's interests in the ownership of the entity, and, in turn, transferring them to the private sector. The policy was intended to provide impetus towards liberalisation of the market through freedom of entry to industry thus encouraging competition and promoting efficiency and productivity. Such moves by the Government to divest its interest in the SOEs was considered essential as most of these agencies were loss-making and never seemed to be efficient. The country now was to rely more on involvement from the private sector as the vehicle for rapid economic growth and increased industrialisation. As the Prime Minister (1991) argues;

“Privatisation will continue to be an important cornerstone of our national development and national efficiency strategy. This policy is not founded on ideological belief. It is aimed specifically at enhancing competitiveness, efficiency and productivity in the economy, at reducing the administrative and financial burdens on the Government and at expediting the attainment of national distributional goals” (Mohamad,1991:12).

In other words, the underlying rationale for privatisation is strongly influenced by economic pragmatism rather than ideological motives. More than any other factor,



privatisation is a national policy response to poor SOEs performance and the growing public sector deficit, for instance, in the cases of both the Telekom Malaysia and Malayan Railways.

### 3.7.2 *Guidelines for Implementing the Privatisation Programme in Malaysia*

By early 1985, the Government had embarked on a series of administrative steps to prepare a highly structured plan to implement the privatisation policy. The task of preparing the framework for privatisation in Malaysia was undertaken by the Economic Planning Unit (EPU) in the Prime Minister's Department, with assistance from the Implementation Co-ordination Unit (ICU), the Treasury, and the Public Services Department (PSD). The first task of the EPU was to formulate a policy for privatisation which was published as "*Guidelines on Privatisation*" in 1985. The official document reads;

"the Guidelines on Privatization are to assist Government agencies in considering, selecting and preparing proposals for privatization...The guidelines will also assist private sector interests in submitting proposals on privatization to the Government. In considering the services and activities for privatization, agencies should bear in mind certain key objectives of privatization" (*Guidelines on Privatisation*, 1985:17).

These *Guidelines*, aimed at providing the rationale for privatisation, detailed the objectives and forms of privatisation, the identification and selection of the methods applicable and the implementation machinery. The *Guidelines* served the dual-purpose of assisting public enterprises in considering, selecting and preparing proposals for privatisation, and informing the public and those in the business world of the Government's privatisation plan. The *Guidelines* further stated that the approval of submissions was to be based on specific criteria, namely; that viability and profitability could be demonstrated; that employees were 'not on disadvantage' by the privatisation

programme; that the privatisation was implemented within the context of achieving the NEP; and, above all, that Bumiputera participation and interest in the enterprise proposed for privatisation was given priority.

"Priority will need to be given to private Bumiputera interests. Depending on circumstances, however, Government will also consider allowing trust agencies, or other government companies, to participate initially in the ownership of the privatized enterprise" (*Guidelines on Privatization*, 1985:8).

This, therefore, indicates that the Government sought to ensure that privatisation would be carried out in the interest of the Bumiputera by instituting a requirement of 30% of their participation in the project, while other Malaysians ownership may comprise of 40% and the remainder could be allocated to foreign interests.

### 3.7.3 *The Objectives of the Privatisation Initiatives*

The *Guidelines on Privatization* (1985) contained five key objectives for the privatisation policy. First, to relieve the financial and administrative burden of the Government in undertaking and maintaining a vast and constantly expanding network of services and investments in infrastructure. This is the most pressing and urgent motive for privatisation. The EPU (1993) reported that by 1982 there had been an increase in the Government expenditure on the public sector which peaked at 48% of the GNP. Apart from that, the public sector workforce, representing about 15% of the total population was relatively high and, of more significance. Such, "accelerated growth in the development expenditure together with slow growth revenue earnings coupled with inflexibility in operating expenditure contributed to an increase in the public deficit" (Omar 1988:3) that led the Government to find a new approach, and privatisation was considered as the most feasible option. With the initial implementation of the privatisation programme, in the

early 1990s, it was reported that the privatising of three major departments, the Telecommunications, the National Electricity Board and the Postal Services helped the Government to reduce the public sector workforce by 61,708 and a saving of RM\$3.2 billion in operating costs annually (Mohd Noor, 1992:3). In addition, the sales of Government-owned shares in 1992 earned the Government more than RM\$6.7 billion besides other income from leased of assets and corporate tax (Awang,1993:77).

The second objective of privatisation is improving efficiency and productivity and promoting competition of these SOEs. It was reported by officials in many Government circulars that there have been widespread complaints over delays in the provision of services to the public which lead to inefficiency despite increasing effort to alleviate it. Many of these agencies were '*under-performing*' since they were governed by restrictive rules and procedures which affected the decision-making process and ultimately led to low productivity. Awang (1993) points out that;

"The inefficient government entities indicated by the accumulated losses, slow growth and poor services, due to various reasons such as government bureaucracies, political interference, conflicting objectives, and non profit consideration were the reasons why some need to be handed over to private sector" (1993:54).

Thus, privatisation is seen as providing an impetus towards improving efficiency and productivity with the promotion of market competition. For instance, the privatisation of Telekom Malaysia enabled the company to institute several positive measures in its management including improved billing system which reduced errors and complaints, improvement in counter services and faster response to applications for telephone installations and attending breakdowns.



Thirdly, privatisation is expected to accelerate the rate of growth of the economy by stimulating private entrepreneurship and investment. The Government intends to privatise only those agencies that are viable and profitable. This would provide an incentive for the enterprise to generate more profits which will in turn enable the Government to gain additional income through corporate taxes and use the revenue to finance its development plans. The danger is, however, that privatisation may relieve government from financial crisis only for a short term. This is because the government would be able to privatise only profitable enterprises in which the private sector would be interested. This would mean that the government would be left to finance unprofitable ones and thus worsen the overall performance of the public sector (Jomo,1993).

The fourth objective is to reduce the size of the public sector. There is also a concern over the increasing size and presence of the Government in the economy which was not only involved in the traditional areas of providing public goods and services, but also in the area of commerce and industry. Such diverse public sector involvement has not only created unhealthy development in the economy but more importantly the costs of providing these services have been very high. It was, therefore, decided that through privatisation, active private sector participation and greater efficiency would be encouraged, and thus help stimulate economic development.

The final objective is aimed at increasing the involvement of the Bumiputera who are seen as, "capable of taking up their share of the privatised services" (*Guidelines on Privatisation*, 1985:18). Indeed, the *Guidelines* continue to stress that privatisation will provide the

opportunity to restructure the ownership pattern of the economy and towards achieving the 30% Bumiputera stake in the corporate sector. Privatisation, therefore, is seen as a strategic policy towards continuing to achieve this objective. Indeed, for the last ten years of privatisation experience there was evidence which clearly showed that the implementation of the privatisation programme has been successful with substantial number of privatised projects like North South Highway, Penang Bridge, National Sewerage Project, having majority Bumiputera investors and entrepreneurs (EPU 1993:13-4).

However, critics argue that share ownership has not been equally distributed among the Bumiputera. Rather, it has enriched the minority of political influential and rich individuals, not the mass population (Jomo, 1995a). For instance, employee share ownership schemes which were supposed to secure a share in privatised companies for employees have been criticised for not bringing benefit to the poorer employees (Jomo, 1993). This therefore suggests that a trust board should be established to monitor the allocation from the sale of shares to ensure a more equitable distribution among employees and the public at large.

#### *3.7.4 The Privatisation Masterplan (PMP)*

In 1987, the Government engaged a consortium of local and foreign consultants to prepare the Privatisation Masterplan (PMP). The purpose of the PMP is;

“to streamline the processes and procedures for privatisation and to recommend strategies in implementing the programme as well as to draw up a Privatisation Action Plan (PAP) which would be the basis for future privatisation” (EPU, 1993:10-1).

In February 1991 the PMP report was finally published. The PMP report announced that;

"by year end 1990, 37 privatisations has taken place of which 27 involved private interests taking over existing government entities, while the other 10 involved construction of new infrastructure. The government had also approved another 18 privatisations, of which 7 are new infrastructure projects" (Jomo, 1995a:233).

The PMP detailed four main methods by which companies could become privatised namely; sale of assets or equity; lease of assets; management contract; and finally, "*Build-Operate-Transfer*" (BOT) or "*Build-Operate*" (BO). The sale of assets or equity could be in the form of 100% divestiture or a partial divestiture representing less than 100% of the Government equity in a company. By the former method the Government would transfer completely the entire ownership, control and management to the private investors. However, a '*partial*' transfer would mean Government still retained a portion of the ownership of the enterprise. Another form of privatisation is the lease of assets. This is the transfer of rights to use assets for a specified period in return for specified payments. This method does not involved the change of ownership; instead specified payments are arranged between the Government and the lessee for the use of these assets over a specific leasing period. The third method is the contracting-in of private sector management expertise to manage government entity for a fee. This management contract, normally entails the transfer of management responsibility but does not result in the transfer of assets. BOT and BO are applicable for development of new projects which previously rested with the public sector. Some examples of these projects are the recent completed North-South Highway and the Kuala Lumpur Interchange. Under the concession agreement, the appointed private company will build, operate it for a period



of time to pay back project debt (about 15-25 years), and then transfer the project assets back to the government. In carrying out privatisation, the PMP also mentions several criteria for the valuation of assets for sale or lease, amendment of laws to facilitate the implementation of privatisation programme, and the regulatory framework in promoting healthy competition and the consumers' interests. The PMP produced the Privatisation Action Plan (PAP) 1990, that provided the lists of projects to be privatised. The PAP, which is a continuous annual review of current implementation and future plans started in 1990 with a list of 246 projects identified by consultants after thorough examination of 400 government entities. This reviewing process provided feedback to the Government on the progress of the privatisation implementation programme and plans for the years ahead. Through the PAP, the government was able to carry out its privatisation programme in a systematic manner, taking into account the ability of the capital market to absorb potential shares to be traded from the listing of privatised projects. The PAP outlines six different categories of candidates for privatisation. One of the categories is the flagships. These are privatisation of government-owned enterprises which are of national importance like telecommunications, electricity, airports and railways.

Despite the achievements of this highly structured policy, privatisation in Malaysia has not been without criticisms. One major concern that has often been raised is whether the real benefits of privatisation could be achieved as these newly-privatised corporations have to operate within the environment where Government intervention is likely to persist (Jomo 1995b; Adam *et al.*, 1992; Hensley and White 1993). Another issue raised is that these newly profit-oriented enterprises have only enriched a few influential

individuals and not the mass population. How far privatisation will bring benefits to consumers and public is another concern since privatised enterprises will become vulnerable to private capitalist powers and interests (Jomo, 1995a). In response to criticisms, the EPU was convinced that credible progress has been achieved in implementing privatisation, as compared to international experiences. The EPU insisted that continuous monitoring was necessary to assess the success of privatisation through the performance of the new private enterprises. This is also necessary to ensure that they fulfill all their obligations as stipulated in the privatisation agreement, including the standard and quality of the service, employees benefit, Bumiputera participation and the protection of consumers' interest (EPU 1993). Of particular relevance to this study is the explicitly political nature of the privatisation model in Malaysia. Central to this privatisation policy is the need to address the socio-economic imbalance between the Bumiputera and the non-Bumiputera. This matter remains a primary concern for the Government, and this distinguishes the Malaysian privatisation policy from other countries. Because of this, privatisation of the SOEs in Malaysia where the workforce are dominated by Bumiputera, did not follow with downsizing as in the case with British state enterprises. This, therefore, to some extent, has meant that cultural transformation in Malaysian NPCs to be slow and difficult (see Chapters Seven and Eight).

### **3.8 The Implementation of Privatisation in Britain**

The radical idea of denationalisation of state-owned corporation was proposed in Britain in 1979. It came about immediately after the Conservative government led by the Prime Minister, Margaret Thatcher gained political power. Britain faced an economic

recession, where inflation rate was high, deficits in balance of payments, high unemployment and the rising world price of oil. It was reported by Cairncross (1992) that between 1974-79;

"The problems faced by the governments were formidable. It inherited a balance of payments deficit of well over £3000 million a year, import prices were rising at 60% per annum,...and public sector financial deficit of over £3000 million. Inflation was accelerating, unemployment had begun to rise, and wage earners were demanding larger wage increases" (1992:201).

Similarly, Moore (1992) illustrating the country's adverse economic condition at the time the Conservatives came to power delineates that;

"When the Conservative party took office in 1979, it inherited an economy in serious trouble. It has been deteriorating for years, but in the 1970s, the decline accelerated. We were convinced that a major cause was the extent of government control over industry, because we saw then what the collapse of socialism has now made so apparent: state-owned industries will always perform poor" (1992:116).

By the end of the 1970s, the nationalised industries, in particular, had showed a disappointing performance which to an extent brought severe damage to the country's economy. In comparing the performance of the nationalised enterprises to the private sector, Miller (1995:85) notes that the former's total return on capital invested was far greater than the former, which was, almost close to zero. Moreover, the employment costs per employee during this time in major industries increased faster than the national average, without there being an increase in productivity. For instance, in the telecommunications industry, the employment costs per employee had risen by 18% more than the national average. Wiltshire (1987) claimed that, among other factors which have been identified as contributors to the deteriorating economic condition of the nationalised industries were constant political interference, legislative constraints, antipathy between management and worker, a blurred mixture of social and economic objectives, and



perhaps, the poor performance of the public sector industries themselves which was used to discredit the then previous Government. Thus, it was the pressure of impending economic calamity especially based on the nationalised industries' performance that Britain faced at that time which led to the Conservative government's radical measures to denationalised them.

### 3.8.1. *The Declining Performance of the SOEs and their Profound Impact on the British Economy*

The mid 1970s witnessed the British economy declining severely and the standard of living falling progressively to a point where it was among the lowest in Europe (Veljanovski, 1987). Several major strikes in the nationalised industries further worsen the situation and mounting dissatisfaction about the deteriorating performance of the nationalised industries intensified the belief that these industries were the centre of the whole affair. In other words, the failure of British nationalised industries to deliver satisfactory performance appears to have strongly influenced the Government to reverse their status (Pirie, 1995; Richardson, 1990; Hurl, 1988; Letwin, 1988; Ramanadham, 1988; Whitehead, 1988; Wiltshire, 1987; Moore, 1983). Describing the Government's inclination towards privatisation, Pirie (1995) argues that the nationalised industries that controlled the British economy for nearly half a decade were more producer oriented rather than consumer oriented. He claims that this insensitivity towards customers led to the country's poor standing in the league table of international economies in the late 80's. To this extent, Moore (1983) commenting on the inefficient performance of nationalised industries, argues;

"If those nationalised industries which are monopolies exploit their position; if the industries are run as bureaucracies and not businesses; if they lack responsiveness to their markets, the effect is felt throughout the economy" (1983:79).

He further argues that the initial purpose of nationalisation, to increase equality of income and prosperity of the nation, had failed. Sharing a similar perspective, Richardson (1990) argued that the performance of state-owned industry sector in Britain was disappointing and it had failed to achieve its original political, economic and philosophical objectives. He noted that increasing dissatisfaction on SOEs was based on;

"their low return on capital employed, their record on prices, productivity and manpower costs, and about the low level of customer satisfaction that they provided" (1990: 4).

Apart from criticisms of performance, state-owned industries were accused of requiring large amount of Public Sector Borrowing to support them (HMSO White Paper, 1961, 1967, 1978; Wiltshire, 1987; Whitehead, 1988). As Whitehead (1988) notes;

"By 1977, the public industries as a whole were making large claims on the Exchequer to cover operating losses and to finance their capital programmes. There was no efficiency check and the system for protecting consumers was widely regarded as weak and ineffective. The industries themselves complained of too much ad hoc interference" (1988:1).

Indeed, dissatisfaction with the performance of nationalised industries coupled with other problems was repeatedly discussed in the White Papers, *'The Financial and Economic Obligations of the Nationalised Industries'* (1961); *'Nationalised Industries'* (1967); and *'The Nationalised Industries'* (1978), all of which identified the need to tighten the public financial flow and to make these industries produce reasonable rates of return on capital invested (Moore 1983:85-6). The three White Papers stated the need for financial controls, economically rational investment and pricing policies. Despite these efforts, however, many nationalised industries remained inefficient, unprofitable, and continued



to continuously accumulating losses, which further reduced the general public trust on them. The increasing unpopularity of nationalised industries was revealed in a survey by National Opinion Polls in 1982 where over 60% of those interviewed opposed further nationalisation and believed that nationalised industries were less efficient than private sector industries (Letwin 1988:6). Reasons given for the unpopularity of nationalised industries included a very poor industrial relations record, peculiarly uncommercial attitudes and lack of concern for the interests of the consumer. The new Thatcher Government believed that state enterprises in the UK had not performed well.

### *3.8.2 Proceeding Towards Privatising SOEs*

Considerable debates took place in the 1970s about the extent to which the private sector could provide more effective performance and greater efficiency than the public sector. Comparisons were made with the private sector which showed negative results of many public sector industries in terms of growth, return on capital and labour productivity (Miller, 1995; Moore, 1992; Wiltshire, 1987). It was against this background that the Conservative Government took a step forward by steadily introducing privatisation, even though the concept of privatisation did not appear in their 1979 election manifesto (Morgan, 1995; Pirie, 1988; Wiltshire, 1987; Hastings and Levie, 1983). Nevertheless, the Conservatives clearly stated their intention to make drastic changes in the public sector as they advocated their aim to;

"master inflation, through monetary discipline; reduce the size of government's borrowing, reduce waste and bureaucracy, cut income tax, and reward hard work, responsibility and success" (Morgan, 1995:10).

This, in fact, marked the beginning of a privatisation era which radically changed Britain,



economically and politically. Despite strong opposition the Thatcher government aggressively advocated the importance of the entrepreneur, both for the advancement of the Conservative Party and for Britain's progress. The Thatcher government believed that reducing the role of the state and reintroducing market forces through privatisation would revitalise the economy. However, the initial stages of British privatisation has been described as incoherent in terms of strategy and planning (Morgan, 1995; Marsh, 1991; Veljanovski, 1987). Veljanovski (1987:10) points out that, "the early phases were largely ad hoc and the goals ill thought of". He argues that despite the Government's publicity to restructure the economy, they (the Government) themselves failed to study the economic affairs of the privatisation programme in great detail which resulted in a number of conflicting objectives. Competition and efficiency were important and fundamental however, was privatisation as a revenue-raising device for the government (Veljanovski, 1987:11-2). This, in turn, led to public confusion about privatisation's real goals. It was reported by Veljanovski (1987:10-1) that Sir Alfred Sherman, who initially supported the privatisation, criticised the lack of consistent priorities as he argued that despite the government's claim that they have learned the language of market economies, they had very little grasp of the economics which they asserted formed the basis of their privatisation programme. The government's claim to eliminate inefficiencies indeed was placed in doubt by their choice of industries to be denationalised since the performance records of these industries was previously not subjected to criticisms.

Disregarding criticisms, the Conservatives continuously reinforced their propaganda on denationalisation as a panacea for all that ailed the British economy. The appointment of

John Moore as Financial Secretary to the Treasury in 1983 further gave an important boost to the programme. Having special responsibility for overseeing privatisation and drawing up plan for discussion by the Economic Committee of the Cabinet, Moore delivered a series of speeches on the government's privatisation programme particularly in 1983 and 1985 stressing an intellectually coherent strategy. For the first time, the government had a coherent timetable for future privatisation in which the earlier move of denationalisation was just, "an urge to reduce public expenditure" (Veljanovski 1987:66). It became clear that a well-organised programme was vital in bringing political as well as economic success. During the 1983 general election, the Conservatives pledged their continuous commitment to privatisation through a statement which outlined the importance of competition as the key to improving efficiency;

"our main objective is to promote competition to improve efficiency... The long term success of privatisation will stand or fall by the extent to which it maximises competition" (Moore, 1983: 93).

It was noted by Fraser (1988) that in the 1983 general election manifesto, the Conservative Party declared more specific objectives in advancing privatisation being;

"to continue our programme to expose state-owned forms to real competition, and to transfer more state-owned businesses to independent ownership" (1988:10).

In 1984 privatisation gathered momentum. The Government privatised one of the largest nationalised industries, British Telecom (BT). It was reported by Vogelsang (1994) that when 50% of the company was divested, it was the largest flotation of any kind up to that year. BT came to have the largest number of shareholders of any company in the world with gross sale of shares amounting US\$4 billion and over 2.3. million individuals sharing the ownership. The privatising of BT was followed by the establishment of a



regulatory body and market competition. Vickers and Yarrow (1991:198-9) argue that BT continued to prosper and becomes a highly profitable enterprise, "dominates more or less every aspect of the telecommunications industry in Britain". This therefore suggests a failure to promote greater competition (e.g. Veljanovski, 1987) meant that privatised firm remained a virtual monopoly, enabling it to benefit high profits. This, perhaps, confirms the argument forwarded by Veljanovski (1987) that higher profits may not mean greater consumer benefits but do mean greater revenue for the government. In the 1987, after gaining re-election for the third consecutive term, the Conservative Party promised to, 'continue the successful programme' of privatisation, to 'return to the public the water authorities', and to 'bring forward proposals for privatising the electricity industry' (Letwin, 1988:13). It was reported in the manifesto that the Government would continue to privatise more state industries in ways which increased share ownership, both for employees and for the public at large.

### 3.8.3 *The British Privatisation's Objectives*

It was difficult initially to identify the underlying objectives of British privatisation programme as these did not appear to be coherently stated (Vickers and Yarrow, 1991; Bishop and Kay, 1989; Letwin, 1988; Burnham, 1988; Veljanovski, 1987; Wiltshire, 1987). In fact, the objectives of privatisation in Britain evolved gradually as the programme proceeded. As Veljanovski (1987) underlines;

"In the early days the objectives of privatisation appeared to be purely financial and managerial...In more recent years, competition, efficiency and wider share ownership have been emphasised as the dominant themes...then, a politically important objective of the government to create a more entrepreneurial society" (1987: 8-9).



Veljanovski (1987:8) argues that the British privatisation objectives expanded as the programme accelerated from the 'esoteric beginnings' to 'a set of more specific and often conflicting objectives' to respond to the immediate surrounding issues. Similarly, Heald (1985) forwards the same argument;

"because the privatisation programme has a multiplicity of objectives it is easy for the government to shift ground when any one is not achieved, and to argue that the other objectives are the more important" (1985:7).

Inconsistencies in the privatisation objectives were noted by Letwin (1988) in his analysis of the changing nature of the programme's objectives manifested in John Moore's series of speeches: in 1983, 'the emphasis was on the benefits for business efficiency; in 1985, the policies were to, 'reduce the role of public sector and provide substantial sale receipts'; and by 1986 the focus shifted to, 'popular capitalism and the ownership of shares by the ordinary man' (1988:27-8). It is also argued that the objectives of the British privatisation programme were both stated and unstated (Vickers and Yarrow, 1991; Letwin, 1988; Wiltshire, 1987). The most fundamental objective (see e.g. Pirie, 1995; Vickers and Yarrow, 1991; Richardson, 1990; Wiltshire, 1987) seemed to be to increase efficiency through competition and deregulation. For example, Wiltshire (1987:20) notes that the official Treasury package on privatisation issued in 1986 stated that, 'the programme has two main aims: to promote competition and to increase efficiency'. He stressed that by encouraging competition, products are provided to customers at the lowest economic cost. In addition, customer's freedom of choice will sustain pressure on companies to increase efficiency, while a regulatory function will ensure that customers are not being exploited. There is evidence to show that privatisation has enhanced efficiency and productivity (see e.g.

Letwin, 1988; Bishop and Kay, 1989). However, the notion that efficiency and the promotion of greater competition remains the fundamental objective of the Government's privatisation programme has not been exempted from criticism. For example, Sherman quoted by Veljanovski (1987:11) states that in the early stages of implementation, industries which have been profitable were sold off while those which were most inefficient remained in the public sector. Another closely related objective is the improvement in the industry's rate of return on assets (Richardson, 1990; Bishop and Kay, 1989; Whitehead, 1988). In practice, the industries made adjustments and changes such as restructuring and delayering once they were freed from government constraints in ensuring maximum profitability. In the new competitive environment, Richardson (1990:6) notes that, 'industries experience the combination of freedom from statutory and bureaucratic constraints, strong balance sheets, progressive elimination of internal inefficiencies and favourable economic condition' which ultimately yield improvement in performance and productivity. The next common principal objective is to reduce the public sector borrowing requirement (PSBR). This was based on the notion that nationalised industries were heavily depended on borrowing to meet their financial needs hence, the sales of these industries would free the government from further obligations. As noted by Moore (1992);

"By 1979, the borrowings and losses of SOEs were running at about £3 billion a year. But from 1989 to 1990, companies privatized by the Thatcher government fattened the government purse by some £2 billion" (1992:115).

At this juncture, Vickers and Yarrow (1991) note that the objective of reducing PSBR was seen as part of meeting the target of the Government in terms of its medium-term



anti-inflation financial strategy. Heald and Steel (1982) claim that the Government's determination to arrest monetary growth has led to the focus on reducing public sector borrowing. In the process of denationalisation they note that reductions come from two sources: firstly, the sale of public assets; and secondly, the creation of hybrid enterprises enabling the Government to exclude their external finance from the PSBR. However, opponents of privatisation argue that the evidence about reducing PSBR through privatisation is inconclusive since there are many intangible variables to be considered (Wiltshire, 1987). Critics also argue that the government was too greedy and that, as a result, invaluable national assets were sold off too cheaply (Letwin, 1988; Wiltshire, 1987). On the other hand, a recent study indicates that privatisation saved the Treasury about £2.5 billion pounds a year as well as generating new sources of revenue from taxes (Miller, 1995). The sale of nationalised industries was also seen as a way of promoting wider share ownership among both employees and the public. As stated by Moore (1985);

"Our policies...allow employees to take a direct stake in the companies in which they work and this leads to major changes in attitude. And, importantly, they provide a major stimulus to wider share ownership" (1985:96-7).

This wider share ownership was to give greater incentives for employees who are the owners of the company to maximise efficiency. It was the intention of the Government to distribute the wealth nationwide by giving opportunity to many private individuals to have a direct stake in ownership. In this way privatised companies would have the incentive to pursue maximum efficiency and return on investment. However, critics have argued that the government's motive for promoting a wider share ownership was more



political than economic (Veljanovski, 1987). Wider shareholding was to deflect criticisms about privatising monopolies (Heald, 1988). Other critics argue that government failed to distribute equal share ownership (Shackleton, 1984) and to safeguard national interest from foreign investors (Wiltshire, 1987). However, although there was evidence of market abuse by small shareholders during the early period, recent studies have shown that there is indeed an increase in the number of small investors after the Government imposed new laws and incentives (Miller, 1995).

There were some clear practical difficulties in the British privatisation experience. Results provided from recent studies indicate that it could be considered as a success (Miller, 1995) and could provide useful lessons to other countries. For example, the British Telecom privatisation was closely followed by the Malaysian government (see e.g. Adam *et al.*, 1992; Vuylsteke, 1988) (see section 8.1.1 of Chapter Eight). However, many analysts remain neutral in their judgement on the British privatisation based on the grounds that privatisation is an experimental process (Letwin, 1988; Young, 1986) and that many of the effects of privatisation are intangible or long-term (Ramanadham, 1988; Wiltshire, 1987). Privatisation has brought about a major impact on the NPCs in particular and to both countries generally. Arguments still exist as to the effectiveness of the initiative and to their economic and political nature in Malaysia and Britain. However, a common theme in the privatisation initiatives of both countries is the stress which was placed by NPCs on Total Quality Management as a model for organisational transformation.

## CHAPTER FOUR

### TOTAL QUALITY MANAGEMENT INITIATIVES

#### 4.0 Introduction

The period immediately after privatisation was, perhaps, the most challenging time for the newly-privatised corporations as they faced a fierce competitive environment. The Governments' initiatives of privatising SOEs in both countries triggered the management of the NPCs to embark on TQM as an approach to restructuring. The privatisation initiative was central to the adoption of TQM as these NPCs changed their focus towards a customer orientation to improve performance. This chapter starts with a brief description of TQM and a discussion as to why it has increasingly been accepted as a management strategy for competitive advantage. The second section discusses the conflicting definitions on the concept of quality, followed by a similar discussion explaining the concept of TQM. Since there is a widespread consensus that TQM is a revolutionary philosophy, there follows a brief description of quality evolution from the narrow-focused product inspection-based approach to a wider systematic and comprehensive total quality management which encompasses the drive for continuous quality improvement in all aspects of an organisation's activity. Although the success of TQM has been widely acknowledged, failures in TQM implementation have raised the question of the practicality of this approach. This will be discussed in the penultimate section. Despite doubts about whether TQM could fulfil the promise, this study argues that the real factor for success depends on how companies operationalised TQM. Finally, this chapter concludes with the



identification of major critical elements in successful TQM implementation.

#### 4.1 Introduction to Total Quality Management

In this era of competitive business environment, quality is perhaps the most publicised and fundamental strategic issue of management concern. According to Feigenbaum (1991);

“Quality has become the single most important force leading to organizational success and company growth in national and international markets” (1991:xxi).

This acknowledgement of quality as a strategic competitive weapon has been expounded especially from the phenomenal experience of the Japanese quality revolution.

Another important major force that creates enthusiasm for quality is the rapid technological change which led to global market competition and increasing customer sophistication. As J.M. Ward from IBM UK comments in Chase (1988);

“The continual change in the business and social environments since the early 1980s have created an expectation in the market place that only the highest quality product will satisfy” (Chase, 1988: Foreword ).

Central to this discussion is the emphasis on quality by NPCs as they try to change from a bureaucratic culture synonymous with inefficiency and waste (Tuckman, 1995; Heckscher, 1994) into a commercially based, customer oriented enterprise. Commenting on the weakness of bureaucracy to cope with modern economy, Heckscher writes;

“there is a growing perception of the fundamental inadequacy of bureaucratic organisation, its inability to combine innovation with discipline at the levels required by modern economy”(1994:53).

Martin (1993) contends that since service organisations were perceived to have done poorly in serving customers, it is vital for these organisations to redirect their efforts



to the pursuit of quality products and services. Therefore, introduction of TQM, especially in NPCs, is seen as an attempt to build quality service consciousness and customer orientation attitudes into the organisations' cultures.

#### 4.1.1 *The 'Quality' Concept*

In spite of its importance, there has been much controversy over the term 'quality' (Wilkinson and Willmott, 1995; Dale and Cooper 1993; Lee and Lazarus 1993; Oakland 1993; Patel 1993; Hutchins 1992; Juran and Gryna 1988). It can mean for example, '*degree or standard of excellence*' (The New Collins Dictionary, 1991), '*conformance to requirements*' (Crosby, 1979:17), and '*fitness for use*' (Juran, 1988:2.8). Commenting on the confusion arising in defining quality, Juran and Gryna (1988) write:

"the search for universal concepts and principles in the quality function is a relatively recent phenomenon...standardization in terminology is still in the formative stages. Many words and phrases are used in special meanings which differ from dictionary meanings...there remains much confusion in the language of quality" (1988:2.12).

Kanji and Asher (1993) point out that variations occur because individuals look at things differently and that each individual has a unique set of values and a unique set of priorities. Similarly, commenting on the difficulty of understanding quality, Dale and Cooper (1993) argue that since quality has many different meanings, it is important for each individual organisation to create its own definition of quality to help prevent misunderstanding and avoid different interpretations being use by different people within the business. For example, the manufacturing dimension may regard quality as the degree of excellence the product possesses once it is manufactured. In this context, quality is aimed at, "delighting the customer by consistently meeting and continuously improving on his requirements" (Plowman and Hand,

1992:26). Whilst from the consumers' dimension, quality is the degree to which the product satisfy their needs and expectations or as Oakland (1993:6) says, "satisfaction in ownership".

One of the most influential practitioners in the quality movement, Juran (1988:2.8) claims the word quality consists, firstly, of those product features which meet the needs of customers and thereby provide product satisfaction; and, secondly, freedom from deficiencies which he refers to as "fitness for use". Elaborating the meaning of quality, he continues to distinguish areas to be explored viz., quality of design, quality of conformance, availability and field service. Another prominent quality advocate, Crosby (1979:17) refers to the term quality as "conformance to requirements". He stresses that quality of any organisation depends on customers' perceptions of the organisation. Therefore, organisation must strive to gain reputation in the marketplace by continuously providing goods and services better than those its competitors and must conform to requirements based directly on customers' expectations.

Presenting his idea from another perspective, Feigenbaum (1983:6) defines the term as, "an effective system for integrating quality improvement effort of the various groups of the organisation, so as to provide products and services at levels which allow customer satisfaction". To him, quality is an effective way of managing a company, and improvement in quality can be achieved with everyone's participation. Stressing cost reduction as the key to quality, he identified three major categories of quality costs: appraisal costs, prevention costs, and failure costs. Deming (1982) defines the term quality from the standpoint of statistical measurement as he believes that quality can

be directly measured from manufacturing performance against specification. Describing quality in terms of quality design, quality of conformance and the quality of sales and service function, Deming (1982) stresses that quality is vital to improve productivity and competitiveness for long-term survival. From the service sector dimension, quality is seen as accessibility, timeliness, consistency, humaneness, and results or outcomes (Martin, 1993). Martin (1993) further explains that these quality dimensions refer to characteristics of products and services, to the staff who provide the products or services, and to the facilities and equipment used in product or service provision. This is the view of quality adopted in this study because all the NPCs chosen are service-based in nature where providing efficient and excellent service to customers form the most fundamental objective of the organisations. Therefore, it is seen that these organisations need to satisfy all of their customers all of the time and in every respect of their services (West-Burnham, 1997).

Despite these various definitions, there is no doubt that 'quality' has become a major concern in today's organisations and the 'management of quality' is a key to secure market advantage (Wilkinson and Willmott, 1995:4). This, therefore, leads to various initiatives to improve quality of which TQM, is the most recent. It is an holistic strategy that includes human resources to attain superior quality in the production of goods and services. Thus, as Tuckman (1995) underlines;

"The argument is not intended as one against quality, or quality assurance *per se*, but concerns the role of a particular approach - that of TQM - within a broader hegemonic project. TQM, which appeals to the universally acceptable striving for improved 'quality', has become part of a broader agenda that progressively commodifies social relations through the introduction of market relations" (1995:59).

To gain better understanding of TQM, it is necessary to consider several definitions.



#### 4.1.2 *The Total Quality Management (TQM) Concept*

Similar to the case of defining quality, the concept of TQM faces the problem of lacking universal definition. This lack of definition becomes a source of controversy and confusion. Despite its wide acceptance, there seems no universal definition to capture the meaning of TQM precisely since it covers broad aspects, deployed in many different contexts and often describes different processes. This confusion in determining a universal definition of TQM has been criticised by Feinberg (1995:79) as another 'acronym syndrome', which is driven by consultants anxious to distinguish themselves in the market place of ideas.

Many writers agree that the reason for the confusion over the definition of TQM is its nature as a philosophy which is designed to change (Dobbins, 1995; Grant *et al.*, 1994) and has been misunderstood as something that can be bought and installed (Babbar and Aspelin, 1994). As such, many argue that how companies operationalise TQM is more important than deciding the right definition of TQM (Feinberg, 1995; Nadkarni, 1995; Kanji and Asher, 1993). In attempting to provide a clear understanding of TQM, Ciampa (1992) proposes that it can be defined in three ways: through describing the unifying principle of customer focus in the company's strategy, planning, and activity; through describing the outcomes that a Total Quality company strives for; and through describing components (tools, techniques, and elements) that lead to the outcomes. He stresses that a company should have the right definition of TQM in order to understand how it develops. It seems therefore, that TQM can be classified into two categories:

- (i) those definitions that explain how TQM as a process that leads to achieving

quality objectives; and,

(ii) those definitions that describe TQM in terms of its absolute goals.

In defining TQM in terms of the first category, Kanji (1990:5) provides the definition in an interestingly cumulative way: Quality - is to satisfy customers' requirements continually; Total Quality - is to achieve quality at low cost; and Total Quality Management - is to obtain total quality by involving everyone's' daily commitment. He insists that in the modern concept of achieving quality, it is vital for organisation to be able to pursue continuous performance improvement and meet the requirements of the customers, between organisations and within organisation. Another example that advances the definition for TQM as a process comes from Dale and Cooper (1993) who define the term as;

"encompassing not only product, service and process quality improvements but those relating to costs and productivity, and people involvement and development" (1993:11).

Morgan and Murgatroyd (1994) in their analysis of TQM's definition point out;

"TQM is total in the sense that it must involve everyone in the organisation and ...is about both systems and a culture which impinges on all the internal detail of working in the organisation" (1994:5).

The second category, which defined TQM in terms of its absolute goals is referred to by Jones (1992) who proposes it as;

"A strategy for improving business performance through the commitment of all employees to fully satisfying agreed customer requirements at the lowest overall cost through the continuous improvement of products and services, business processes and the people involved" (1992:22).

Rajagopal *et al.*, (1995:336) provide the definition of TQM simply as, "continuously enhancing customer satisfaction through quality-driven company-wide management". In the interest of conceptual clarity and in light of the NPCs, this study subscribes to the second category of defining TQM as being a management approach that integrates

people, system and process aimed at continually improving business performance by conforming to meeting customer requirements through company-wide employees' commitment. This is because TQM was seen by the NPCs as a management-led strategy that considers the emphasis on systems and process as equally important with human dimension in order to bring about continuous quality improvement.

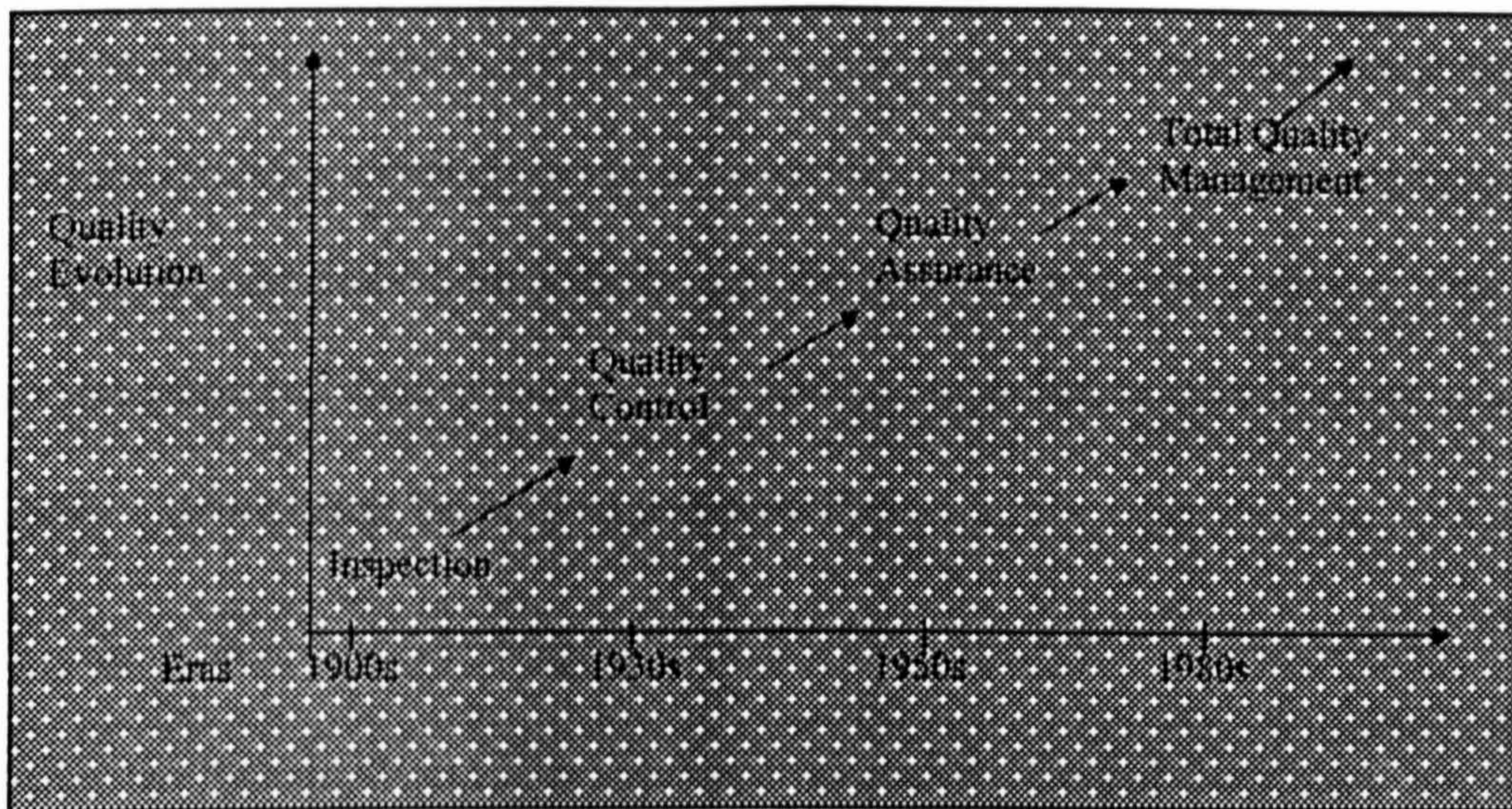
#### 4.2 The Evolution From Quality to TQM

The concept of quality is not an absolute. Its meaning, and the way in which it is operationalised, has evolved. In recent years there has been a growing concern for quality awareness and the deployment of quality improvement activities. The preoccupation with quality improvement as a competitive force has gone as far as identifying it as the single most important force governing organizational success (Rajagopal *et al.*, 1995). Describing the imperative of quality improvement, Lee and Lazarus (1993) write that;

"Interest in quality is not new. What is new is that quality improvement programs now stress customer focus, employee training and empowerment, top management support and commitment" (1993:5).

The changing focus of concern for quality improvement, the evolution from simple inspection activities through statistical measurement of quality control and quality assurance and to the more holistic approach of total quality management has been detailed by numerous quality writers (Bounds *et al.*, 1994; West-Burnham 1993; Lee and Lazarus 1993; Kanji and Asher 1993; Dale and Plunkett 1990; Garvin 1988). In brief, evolving from an external viewpoint of measurement or imposed processes and measures, '*quality*' has now developed into internal self-assessment, where it is built into work processes and humanistic aspects.





**Figure 3 Four Levels of Quality Revolution**

This shifting perception of quality is identified by many writers (Juran and Gryna 1994:5). More sophisticated methods of determining and controlling quality were introduced to reduce the defect rate including product testing, documentation control, (1993) clearly advocate that;

"The traditional scope of quality activities is undergoing a radical and exciting change from the historical emphasis on quality of physical products in manufacturing industries ("little q") to what now emerging as the application of quality concepts to all products, all functional activities, and all industries ("big Q") (1993:6).

This implies that the recent approach in quality has progressed from a product-based emphasis to a wider spectrum of functional activities encompassing the whole organisational system that work together to achieve quality improvement. Thus, the evolution of quality as a concept has gone through at least four stages.

**(i) Stage One - Inspection**

The emergence of quality consciousness can be traced back from as early as 1900s when FW Taylor initiated the approach by applying scientific methods in order to analyse work and to determine 'one best way' of completing production tasks. The



earliest initiative to control quality was applied by Bell Laboratories in United States during late 1920s where frequent sampling of the finished products was employed to sort out defective products out of the large lots. The process entailed segregating poor quality product and the identification of the source of non-conformance. This method of inspecting all final products and screening out defective ones is a way to maintain quality before being the product is marketed.

### *(ii) Stage Two - Quality Control*

After the Second World War the focus on quality changed from basic inspection to quality control. Quality control is defined in BS 4778 and ISO 8402 as, "the operational techniques and activities that are used to fulfil requirements for quality" (Dale, 1994:5). More sophisticated methods of determining and controlling quality were introduced to reduce the defect rate including product testing, documentation control, basic statistics, basic quality manuals and process performance data. With these new methods, greater control was gained and the amount of non-conformance reduced.

### *(iii) Stage Three - Quality Assurance*

As mass production became the main production process for companies, it was found that quality control had not been effective in eliminating the root cause of the problem of non-conformance. This led to the introduction of quality assurance, defined as, "all those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality" (BS 4778 and ISO 8402 quoted in Dale, 1994:8). The quality assurance approach involves checking how well the system is being adhered to; is a method employed to correct mistakes; and, where possible, changing systems (Freeman, 1993:17). The concept of quality assurance

was popularised by Crosby's (1979:169) idea of 'Zero Defect' and 'Do It Right the First Time'. Crosby (1979:18) emphasises the importance of understanding 'the cost of doing things wrong'. The distinction between quality control and quality assurance is that, the former is essentially a method of inspecting, and rejecting defective work. Whilst, the latter emphasises preventive measures and an awareness of the cost of not putting things right the first time (Freeman, 1993:17-8).

Thus, the idea of quality changed from simple 'detection' of defects to a much more elaborate set 'prevention' activities which included management quality system to monitor activities at all stages beginning from product design to delivery and service. While the statistical method still remained important, co-ordination with areas like designing, engineering, planning and service activities became equally vital (Bounds *et al.*, 1994).

The concept of quality was not been a major focus in many leading industrial nations in the early years of the quality movement. It was during the 1950s, that the Japanese, eager to rebuild their nation after the Second World War, enthusiastically applied the teachings of Deming with his preventive method using statistical process control. Later, Juran introduced the concept of planning, quality cost, and project-by-project continual quality improvement to the Japanese, and then Feigenbaum promoted Total Quality Control through company-wide quality quest with statistical and engineering methods in production. Consequently, this had led to the emergence of a new breed of Japanese quality experts, such as Ishikawa and Taguchi, who further developed the teachings from American gurus to new quality approaches distinctive to Japanese culture such as mass education, the use of simple tools and teamwork.



#### (iv) *Stage Four - Total Quality Management*

The evolution continued into the 1980s with a total view of quality which stressed the essence of quality in every facet of an organisation due to increasing emphasis on customer value. From the outset, this approach emphasised human commitment to quality along with the product or the process and system. It commences with management action to make everyone in the organisation committed to continuous performance improvement. Perhaps this holistic view of quality is best expressed by Imai (1986) who suggests that quality begins with the "quality of people." In his words;

"In its broadest sense, quality is anything that can be improved. When speaking of "quality" one tends to think first in terms of product quality. When discussed in the context of KAIZEN (continuous improvement) strategy nothing could be further off the mark. The foremost concern here is with the 'quality of people'. The three building blocks of a business are hardware, software, and "humanware". Only after humanware is squarely in place should the hardware and software aspects of a business be considered" (1986:xxiii).

Gradually, quality expands its dimensions in the organisation with a focus on humanistic philosophy as an integral part of what the company does to complement hardware and software components in the system to achieve a competitive edge. This, therefore, led to the emergence of another branch of quality movement, labelled Total Quality Management (TQM). The adoption of TQM then spread from manufacturing-based industries into other sectors including service, government and welfare organisations as it was increasingly acknowledged that quality is demanded in every aspect of businesses. Morgan and Murgatroyd (1994) commenting on the origin of TQM state that;

"TQM is associated in many minds with Japan, for it was there that the ideas and practices which have now come together under the acronym TQM were first comprehensively applied, even though its theoretical fathers and teachers were principally American...it is increasingly being applied in both North America and Europe" (1994:x).

In the 1970s, when the Japanese began to dominate the world market with their high

quality products, TQM began to be of interest to the worldwide business community. The focus on total quality was further intensified by a major shift in customer expectation, new government regulations and world economic conditions (Rehder and Ralston, 1984). Collard (1990:2) confirms that the reasons for significant engagement in total quality are; first, the critical importance of quality to create environments in which organisations can flourish; second, the view that quality is important to customers' buying decisions; and finally, quality is considered as a crucial strategy to compete against major competitors.

#### 4.3 The Total Quality Management Debate

However, some have argued that there were more failures than successes in TQM and that these have been ignored in the literature ( West-Burnham, 1997; Wilkinson *et al.*, 1994; Kearney, 1992). Critics argue that in most cases, companies failed to achieve even small benefits, programmes fell apart or lost momentum resulting in companies losing more than what was gained (Grant *et al.*, 1994; Wilkinson *et al.*, 1994). Even some award winning companies were reported to have failed to maintain their financial performance after a period of time (Nadkarni, 1995; Garvin, 1991). A study by Wilkinson *et al.*, (1994) on British managers' views of their companies' efforts on TQM implementation concluded that only 8% of the companies rated their quality management as very successful. Harari (1993:33) quotes some recent studies of TQM programmes in the United States and Europe and notes that only about one-fifth to one-third of these programmes achieved 'significant' or even 'tangible' improvements in quality, productivity, competitiveness or financial returns. These findings inevitably lead to the TQM approach being criticised as too ambitious and unrealistic (Wilkinson



*et al.*, 1994; Easton, 1993); applicable only to large companies (Goh and Ridgway, 1994); too costly to implement (Main, 1986; Wilkinson *et al.*, 1994); as another management fad (Wilkinson *et al.*, 1994; Fife, 1992); as a new version of old ideas (Spencer, 1994); as a Japanese myth (Dale and Allan, 1994); plagued with bureaucracy and paperworks (Wilkinson *et al.*, 1994; Tuckman, 1994); and filled with confusing and conflicting methods, containing statistics and jargon which are difficult to translate into actions (Ferketish and Hayden, 1992; Main, 1986).

One major criticism is that TQM is often advocated as simple and easy to apply, but practically it is difficult and too complicated (Hawley, 1995; Rajagopal *et al.*, 1995; Morrison and Rahim, 1993; Wilkinson *et al.*, 1994). While TQM proponents tend to suggest that the basic tenets of TQM are simple (Crosby, 1979; Deming, 1986; Babbar and Aspelin, 1994; Dotchin and Oakland, 1992), TQM implementation in many companies proved to be complex and expensive, difficult to understand and a real challenge (Grant *et al.*, 1994; Harari, 1993). The introduction of TQM is often associated with cultural transformation or reconstruction (Tuckman, 1994; Atkinson, 1990; Collard, 1990), but the complexity of such transformation especially the nature of barriers and how to overcome them have not been highlighted. Rajagopal *et al.*, (1995) note that;

“the assumption that employees and managers will welcome TQM is fallacious because there is often a great deal of resistance to its implementation at all levels of an organisation” (1995:342).

It was found that while many TQM advocates simply propose the need to change culture (Oakland and Waterworth, 1995; Brown, 1993), many have cautioned that to change the organisation’s culture into one that is receptive to continuous quality improvement is not easy (Hawley, 1995; Sandelands, 1994; Atkinson, 1990).

Companies often failed to foresee difficulties until problems were encountered and, in some cases, this led to massive wastage and failure in some programmes. Commenting on the lack of awareness of the complexities in implementation of TQM, Atkinson (1990) writes;

“Organisations can get so carried away with the inherent wisdom of TQM, together with the simplicity or ‘good sense’ of the concept, that they fail to take account of the important issues relating to implementation” (1990:100).

Problems may emerge when too much emphasis is put on techniques and processes while multi-dimensional and complex human aspects are ignored or simplified (Morrison and Rahim, 1993; Atkinson, 1990; Plowman, 1990).

Evidence from NPCs in this study (Chapters 7, 8, 9, and 10) revealed that such transformation was not without difficulties. The BT quality programme, “was not without mistakes and not everything has gone smoothly” (Pickard, 1992:28). In the case of Telekom Malaysia, the process of cultural change encountered resistance particularly from management level. Managers were often eager to defend their status quo and felt more comfortable with their traditional way of doing things. This study also concurs with the view of Goh and Rigdway (1994) who describe management as the biggest barrier to implementing TQM. Managers has a vested interest in the system that brought them promotion, hence it is difficult to get them to see the need for change. Similarly, Atkinson (1990) notes that resistance to change occurs because some people crave stability and security. It has been suggested that change is easy. A simple way forward is, if people do not want to change, change the people (Oakland, 1993; Atkinson, 1990). In reality, such a course of action is not easy and will lead to further damage, as describe by Hawley (1995);



“Beyond the possibility of a flood of wrongful termination suits, wholesale elimination of those who resist will traumatize survivors and virtually guarantee that the change programme will fail” (1995:64).

Attempts to find quick fixes and short cuts to success has led many organisations to fail. As studies have shown, it usually takes several years of hard work before successful results become a reality (Hawley, 1995; Sandelands 1994).

In defending TQM, proponents argue that it is not the philosophy that fails, but its implementation (Dobbins, 1995; Rajagopal *et al.*, 1995; Brown *et al.*, 1994; Harari, 1993; Miller and Cangemi, 1993), which is often based on a misunderstanding of the concept (Grant *et al.*, 1994; Kanji and Asher, 1993; Jeffrey, 1992; Wilkinson and Witcher, 1991). They argue that the root problem of companies’ failures stemmed from the lack of TQM knowledge and commitment from management (Juran, 1994; Maul and Gillard, 1993), which subsequently leads to other problems such as lack of understanding on TQM concepts and implementation techniques (Dale and Cooper, 1994a); the need to find a quick fix and unwillingness to focus on the long term (Dale, 1994; Harari, 1993); failure to align new quality objectives with organisational culture and business strategy (Kanter, 1994; Quirke, 1993); and insufficient commitment and investment for adequate and proper training and development for company-wide changes and continuous quality improvement (Patel, 1993; Walley and Kowalski, 1992). Overall, it is clear that for TQM implementation to be a success, commitment and involvement from top management is a critical determinant.

#### **4.4 The Imperative of Management Commitment in Implementing TQM**

Although management commitment forms one major determinant for successful TQM implementation (Juran, 1993; Deming, 1986; Garvin, 1991; Crosby, 1979), this

important facet of TQM has often been neglected. It thus becomes a main cause of the failure of TQM (Juran, 1994; Maul and Gillard, 1993; Jeffrey, 1992; Townsend, 1990).

Deming (1986) stresses that management is responsible for planning for the future and eliminating problems that have brought about waste of manpower, of materials, and of machine time, and which raise the manufacturer's cost and price that the purchaser must pay. He cautions that management's failure to do these things will result in loss of market. Crosby (1979) advocates the importance of a top-down approach in the process of change. He insists that quality should be driven by top management, while other workers follow their examples. In other words, without management commitment, TQM will fail (Atkinson, 1990). As Atkinson (1990) comments;

"eighty percent of quality initiatives in the UK will fail because they do not have the backing of the senior management team or management do not realise their responsibilities in TQ effort" (1990:81).

Thus, managers must sustain motivation and commitment to quality on the part of the whole workforce through quality leadership (Dale and Cooper, 1994a; Jeffrey, 1992;) create quality vision, mission, policy and goals (Wills, 1994; Juran, 1993; Porter and Parker, 1993); allocate adequate resources for training and education to support TQM (Dale and Cooper, 1994a; Schuler and Harris, 1992; Saylor, 1992); continuously sell the need for quality and correct procedure to employees (Russel, 1993; Jeffrey, 1992); and create and nurture a quality culture for continuous improvement (Oakland, 1993; Plowman, 1990).



One common mistake made is to assume that management will automatically understand and accept the quality concept and can exercise quality leadership as required (Brown *et al.*, 1994; Dale and Cooper, 1994b; Waldman, 1994; Jeffrey 1992). Commenting on the need for management commitment, Jeffrey (1992) writes that companies' often make the mistake of assuming that managers intuitively understand how they must change and have the skills to do so once organisation become committed to TQM. Therefore, it is argued, that managers must first learn quality knowledge and skills in order to become fully committed to TQM. This can be achieved particularly through quality management training (Maul and Gillard, 1993; Jeffrey, 1992; Hockett, 1989). Dale and Cooper (1994b) assert that the obstacles to culture change often emanate from senior and middle management, in the form of lack of willingness to devote time to learn about TQM, and to take personal leadership. This leads to insufficient understanding of TQM techniques, statistical methods, systems, procedures and philosophy; a failure to commit the right level of managerial resources to TQM; not practising teamwork; not investing sufficiently in employees' TQM training and education; and wrong beliefs on people's capability. This lack of management understanding and commitment to TQM could become a major barrier towards successful TQM implementation (Masters, 1996; Dale and Cooper, 1994a; Juran and Gryna, 1993). Therefore, ownership of and continuous commitment to TQM from management are critical since they hold the key responsibility for leading others in the change process (Maul and Gillard, 1993; Deming, 1982).

Another major barrier towards successful TQM is the lack of awareness of the

importance of company-wide education and training to facilitate cultural change and to develop a well-educated and trained workforce in sustaining a continuous quality improvement process (Brown, 1993; Jeffrey, 1992). The importance of training and education for the entire organisation has been identified by many TQM experts (Juran, 1993; Oakland, 1993) who view it as the most important vehicle in creating cultural change (Talbot, 1993; Kanji, 1991; Atkinson, 1990) and the best investment an organisation can make to be successful (Brown *et al.*, 1994; Sandelands, 1994). However, despite increasing evidence of the significance of training in many successful organisations (Blackburn and Rosen, 1993; Heller, 1993) studies have shown that too many organisations still view investment in education and training as a negative expenditure (Dale and Cooper, 1994a; Atkinson, 1990). Proponents of TQM, however, assert that although it is true that training could be expensive especially for company-wide development and quality improvement, this should be perceived as a necessary investment not as an overhead cost (Oakland and Waterworth, 1995; Peters, 1994; Atkinson, 1990). They argue that when quality training fails, this is often caused by inconsistencies in the content and methods with organisational quality objectives and strategies, not the concept (Brown *et al.*, 1994; Coulson-Thomas, 1994). In addition, they stress that neglecting proper training will cost the company even more (Peters, 1994) as companies will not be able to implement vital changes and keep pace with competitors (Talbot, 1993).

Investment in training, therefore, is critical to the success of TQM. According to Sandelands (1994), TQM training is imperative in order to educate employees about the benefits of TQM, to change culture, to equip workers with quality tools and



techniques, and to train workers so that they can identify opportunities for improvement. It is a complex and difficult process to manage organisations towards total quality. This is especially true in NPCs which have been long embedded in public service and bureaucratic orientation. It is critical, therefore, for managers to view company-wide training as a fundamental step towards TQM. To do that, they themselves must receive adequate education and training in quality in order to promote acceptance, and to acquire extensive understanding of the concepts and techniques necessary in the process of quality improvement. Without such understanding, management will find it hard to exercise quality leadership, to lead others for change, to accept ownership, to apply quality tools and techniques, to sell the need for quality to employees as well as to create and maintain continuous quality improvement culture in the organisation (Corrigan, 1995; Maul and Gillard, 1993).

Despite arguments as to whether TQM can guarantee organisational survival, more organisations are considering its adoption (Wilson, 1992; Feigenbaum, 1988). Failures could provide useful understanding on what can go wrong in TQM implementation, in that companies can avoid making the same mistakes and increase the probability of success. Describing the current growth on quality improvement, Feigenbaum (1988) reports from data on customers throughout international industrial and consumer market, there was an increase in buyer emphasis on quality, from 30% in 1979 to 80% in 1986, indicating that;

"quality has become a major and highly volatile influence on the business result of the company" (1988:3).

Hence, there is widespread consensus that TQM is a significant way forward for organisations to improve their overall effectiveness. It was acknowledged that

companies that have achieved competitive advantage have done so by adopting the right strategy based on TQM (Dobbins, 1995; Teare *et al.*, 1994). TQM is now perceived as an important strategy for competitive advantage and will work if appropriate methods of implementation to 'fit' the organisation are found and applied (Dobbins, 1995; Allen, 1994; Glover, 1993). Fieldwork findings in Chapters 7, 8, 9, and 10 also show that TQM has been regarded by NPCs as a strategy to improving business performance and to transform the organisation from a '*public*' service mentality into a '*commercially*' oriented enterprises focusing on excellence service and customers' satisfaction. To implement TQM, continuous support particularly from top management is a requisite. The NPCs need also to facilitate extensive education and training for the whole workforce. TQM can lead to significant achievement if the implementation process is managed properly and the process is tailored to individual company's own needs and characteristics (Nadkarni, 1995; Sandelands, 1994; Glover, 1993).



## CHAPTER FIVE

### RESEARCH FOCUS : A FRAMEWORK FOR ANALYSIS

#### 5.0 Introduction

It can be seen from the argument developed in the previous chapters that it is logical to assume that training for managers should be employed as a tool to support TQM implementation in the four NPCs under study. These companies believed that with the introduction of TQM, training for managers formed a central part of the strategy required to bring about change. This, successful TQM implementation is linked to training which is required to provide management with the necessary quality skills, knowledge and abilities to support TQM. Thus, identifying those elements that produce sound training for managers is important to this study. The first section of this chapter describes how the initial hypothesis for this study was developed. The subsequent section concentrates on models of training practice that later led to the formulation of a conjecture of good management training practice for fieldwork findings.

#### 5.1 The Research Hypotheses

The initial set of hypotheses that are derived from the analysis of the issues in the preceding chapters are founded on the view that there must be proactive involvement of all levels of management, and in particular, proactive support from the top management. This is imperative to establish a vision and a policy training strategy, and more importantly to determine the type of training necessary to bring about changes in the organisation. The hypotheses are that:

1. a major determinant for effective management training in quality is the existence of a proactive involvement from every level of management in the training function;
2. the likelihood of effective training offered by the training centre will depend upon the proactivity of top management, particularly in exemplifying quality leadership in the organisation;
3. that management training should be integrated into strategies to achieve business objectives rather than exist in isolation from those activities.

The central theme of this study is that, training in TQM calls for continued, proactive involvement and support from management in the training function to bring about continuous quality improvement. A systematic and comprehensive training model for management training needs to be established. The research questions, therefore, focus on:

1. Identifying those characteristics and conditions in newly-privatised corporations which tend to support or inhibit effective management training practice in quality.

This involved asking questions on the suitability and adequacy of current quality training practices for managers (e.g. training needs analysis, designing and piloting procedure, how training was delivered, trainers qualifications, training resources, evaluation of training effectiveness) and whether training objectives are linked to the organisational goals;



2. Identifying the characteristics of top management of the NPCs that tend to support or inhibit effective management training.

The questions asked include:

Their role and responsibilities in the training function (e.g. in establishing training vision and policy, delegating work concerning staff training and development and allocating training resources); their commitment and involvement in training activities, and their role in monitoring and reviewing the effectiveness of training.

3. Identifying the characteristics of line managers, middle managers and trainers that tend to support or inhibit training effectiveness.

In this respect, questions similar to those listed above as in number 1 were asked.

4. Determining the participants' perceptions of training in terms of imparting the necessary knowledge and ability to improve their job performance. This includes asking questions like : whether the course increased self-awareness, motivation and competence; factors that facilitate or inhibit learning and application of the training to work setting and usefulness of the training to work in practice. Further information regarding the research questions is in Appendix 1.

## **5.2 Positive Features of an Asserted Ideal Training Practice**

Traditionally, the emphasis on training has been on the four common phases of training activity, viz.: needs assessment, design stage, implementation and some form

of evaluation (Anderson, 1994). This model will be discussed further in Section 5.3.1. There are however, other elements of good training practice that are not always considered. This research, therefore, also examines other aspects of training (e.g. the role of training function, establishing training objectives, piloting programme, selection of trainees and pre-briefing session, availability of logistics/facilities, evaluation procedures, monitoring training effectiveness and feedback and follow-up activities) since these directly influence the effectiveness of management training in quality in the NPCs. In this respect, a conjecture was developed, which basically has been influenced by existing literature on effective training practice. These elements provide the framework for analysing current training practices in the NPCs in this study.

#### *a. Training Function for Total Quality*

Almost all organisations that choose to implement TQM have or need to establish a training function. The term training function in this study is taken to mean;

“the purposes, structure and specialised activity of training and its relationship with other activities within a working organisation” (Manpower Services Commission’s *Glossary of Training Terms* (1981) in Reid *et al.*, (1992:144).

The training function, therefore, is one specialist function for implementing total quality training in the organisation and, while doing so, interrelates with other organisational activities. The training function is important for a company’s strategy for achieving change and quality improvement (Brown, 1993; Sloman, 1993). Whilst conventional training has often been the domain of a training centre and isolated from other organisational activities, the training function for total quality requires management to share responsibility in making training for TQM implementation a



success. Furthermore, the training function for total quality focuses on continuous development for the entire workforce with the objective of improving the business (Patel, 1993). In this research, the purpose of total quality training for managers was to provide understanding of quality concepts and techniques required in the process of quality improvement (Payne and Dale, 1990a). It therefore needs to embrace the TQM concept of emphasising on continuous improvement and fulfilling customers' satisfaction (Brown, 1993).

### *c. Development of Training Objectives*

It is widely recognised that for training to be effective, its objectives must be linked to organisational business goals (Sloman, 1994; Buckley and Caple, 1990). This ensured that the links between training and business strategy were clearly stated (Sloman, 1994:76) and could assist in the development of training programmes and assessing the effectiveness of training programmes (Buckley and Caple, 1990:30). Without clear training objectives, training will not achieve its full potential (Walley and Kowalski, 1992; Buckley and Caple, 1990). As Walley and Kowalski (1992) argue;

"The training must make clear the organisational objectives of the programme, possibly with an emphasis on finding solutions which mutually benefit the participant and the company..." (1992:30).

In the context of this research it is suggested that one major objective of management training is to provide managers with the knowledge and skills to help them to accept and adopt the required commitment to TQM in the process of achieving continuous improvement in the organisation.

## *b. Determining Training Needs Analysis*

Many writers (e.g. Reid *et al.*, 1992; Mc Gehee and Thayer, 1961; Moore and Dutton, 1978; Goldstein, 1986 and 1989; Wexley and Latham, 1991) claimed that constructing an effective training programme begins with a thorough assessment of the needs of the organisation and individuals within it. Such assessment is crucial because it helps to ascertain the specific areas that genuinely need training in order to avoid wastage (Reid *et al.*, 1992; Buckley and Caple, 1990) and to secure a long-term effectiveness of the training function (Warshauer, 1988). Indeed, Georgenson and Del Gaizo (1984) argue that;

“A successful needs analysis identifies the training priorities that help solve an organisation's most critical business issues. It helps when making training investment decisions and sorting out those options that will make an impact. It separates training from non-training solutions and identifies the factors or rewards that will support training. A successful needs analysis helps the trainer gain credibility as a professional truly concerned with improving organizational performance” (1984:44).

Thus, neglecting formal needs analysis of the organisation and participants could contribute to unsuccessful training programmes. As Goldstein (1986) comments;

“Unfortunately, many programs are doomed to failure because trainers are more interested in conducting the training programs than in assessing the needs of the organizations” (1986:17).

In explaining the stages of needs analysis, many writers (e.g. Goldstein, 1986 and 1989; Bramley, 1989; Vinton *et al.*, 1983; Wexley and Latham, 1991) recognised the work pioneered by Mc Gehee and Thayer (1961) who suggest that training needs analysis (TNA) has three critical components: organisation, tasks or operations and person. It is also useful to gain information for TNA from other sources such as self-assessment, previous training evaluation, surveys and interviews (Warshauer, 1988). A more recent work by Sloman (1993:42) indicates that there was a, “growing importance of performance appraisal in identifying training needs”. This, therefore suggests



the need for line managers, whose responsibility is to measure performance of their subordinates, to contribute in the process of training needs analysis. Within the context of this research, this study considers to what extent the current practice of needs analysis is being carried out by the NPCs with respect to those suggested in the literature.

### *c. Designing and Piloting Training Programme*

Once TNA is carried out the process of designing and piloting training programme can begin. At this stage, the designer (often trainers) must have a clarity of purpose, focus, ideas about content and the intended participants based on the data collected in the TNA process. Bentley (1991:82) advocates that the design stage is, "about deciding the best way for people to do the learning, i.e., devising the learning path". However, Nadler (1983) argues that the ultimate focus of the programme designer is not learning, but job related performance. It is also important for the designer, "to become familiar with the content area of the programme and to gain a conceptual framework of the breadth and depth of the field of information that the programme could cover" (Warshauer, 1988:49). In developing training programmes, Nadler (1976) in Warshauer (1988:45) suggested that an effective programme is, "best designed by a variety of persons who can each contribute to the development of the design." Some writers (Sloman, 1994; Juran and Gryna, 1993) propose that besides trainers/designers, line managers should participate in designing training programme. Juran and Gryna (1993) for instance, contend that;

"Without this (line managers) participation, training is often technique oriented rather than problem and result oriented" (1993:131).

Once the programme has been designed, it is not considered complete until the

programme has been tested and piloted (Bentley, 1991). While this process has often been considered unimportant and left out under pressure (Buckley and Caple, 1990), Bentley (1991:85) argues its significance in helping designers;

“to produce outstanding work that is consistent, well documented, learning centered and above all effective in achieving the training objectives” (1991:85).

Thus, it is important to carry out formal piloting in a structured fashion (piloting, amendment and re-piloting) before a programme is delivered.

#### *d. Availability of Training Logistics/Facilities*

For training to be effective, adequate training logistics and a good learning environment have to be created (Oakland and Waterworth, 1995; Reid and Barrington, 1994; Sanderlands, 1994; Bentley, 1991; Rothenburg and Drye, 1991) particularly where corporations have their own training institutes. Indeed, a training manager at the Ford's Human Resource Development Center (HRDC) in America commented that inadequate resources was a hindering factor in the company's effort towards achieving training effectiveness. As she argues;

“At the HRDC, we had outstanding courses and instructors, but we were hindered by an outdated facility” (Leyda, 1995:28).

Reid and Barrington (1994:221), identify resources as, “the input required to enable training plan to be implemented...(which) include people, money and facilities”. They argue that central to the success of training is the skill with which these resources are managed. In this regard, they stress that learning resource personnel must be capable of advising and informing on training activities, co-ordinating and monitoring training policy, plans and budgets, and more important, getting support from the top management in carrying out their activities. Stressing the importance of adequate training logistics, Oakland and Waterworth (1995) claim that;



"a suitable location, facility staff, food arrangements, audio-visual aids, lights, air-conditioning, heating, etc., will increase the professionalism of the training and increase its value to trainees" (1995:304).

#### *e. Selection and Pre-Briefing of Trainees*

Another important factor in bringing about effective training is having suitable participants attending the course. This is because the main reason for conducting training is to improve the performance of the trainees or to alleviate or solve problems (Nadler, 1983). This, therefore suggests that not having suitable participants on a particular course can mean wastage of resources and lead to training being ineffective.

As Ross, (1974) quoted in Camp *et al.*, (1986) underlines;

"The use of appropriate selection tests for determining who should and who should not enter the training programme can substantially reduce the cost of training programmes...A careful selection of trainees for (training) program could result in substantial saving to the organization (1986:108).

This study considers corporations' selection procedures in which good communication between line managers and the personnel in the training centre is perceived as imperative to ensure suitable participants are selected for a particular course.

Selected trainees have to be given some advanced information concerning the scope and objectives of the training programme to be attended. Such pre-briefing sessions have cognitive benefits and also motivational benefits if the trainees understand what the goals are, and the relevance of training to their jobs (Patrick, 1992:318). Besides motivating and preparing trainees, Buckley and Caple (1990) contend that a pre-briefing;

"confirms the use that will be made of training, may make provision for additional or remedial training and examines the reaction of trainees so that information can be passed back to the trainer" (1990:168).

#### f. *Delivering Training Programme*

It is generally accepted that the impact of a programme being effectively delivered rests partly upon the capability of a trainer although Camp *et al.*, (1986) warns that the key to a successful programme depends on various interrelated elements;

"The success or failure of a particular programme will be influenced by the skill of the trainer, the type of learning technique selected, the intellectual capabilities and past experience of trainees, the learning environment, the quality of learning materials..." (1986:98).

Brown (1993:24) stresses that care needs to be exercised in selecting suitable trainers as they play a crucial role as change agents in the transition to a quality culture. Describing the steps towards accrediting the credibility and capability of trainers, Will (1994) proposed three critical processes: selecting suitable trainers; continuous development of trainers through Train-the-Trainer courses; and certifying trainers' competence. Although there are suggestions that external consultants could assist in this delivery process (e.g. see Carnevale *et al.*, 1990), this research supports the views (e.g. Macdonald, 1994; Brown, 1993; Warshauer, 1988) that in-house trainers are more capable of providing training which is directly related to their own organisations. For example, Warshauer (1988) emphasised the use of in-house trainers for several reasons: firstly, it helps to save training costs; secondly, he/she has experience and information about the particular organisation and how it works; and finally, can relate his/her understanding on how the programme is applied within the organisation, thus increasing the credibility of the programme presented. Furthermore, with regards to the organisations in this study, management training in TQM requires trainers to link training directly to the workplace and thus enable managers to work hand-in-hand with trainers in delivering training (Macdonald, 1994; Sloman, 1994; Warshauer, 1988). This shows the participants the seriousness of



management in supporting the programme. Sometimes management involvement through, "sharing of information during training can lead to action steps that correct problems" (Warshauer, 1988:111).

#### *g. Evaluating Training Effectiveness*

Ascertaining the total value of training is a crucial part of the training event if it is to contribute towards effective practice. Indeed, Wexley and Latham (1991) argue;

"Systematic measurement is the key to the prevention or minimization of training fads. It enhances training effectiveness by showing the trainer where and why training was effective or ineffective" (1991:139).

Without sound evaluation of training, there can be no certainty that learning has taken place. It is also difficult to judge the significance of its investment. Reid and Barrington (1994:291-2) arguing the importance of evaluation process provide some basic reasons for this: to appraise the effectiveness of investment in training and to justify training expenditure; to provide feedback on trainees' job performance; and for future improvement of the training programme. Similarly, Oakland and Waterworth (1995) commenting on the need for evaluation proposed that;

"information provided by the evaluation process can be used to make decisions on the future training methods and activities of an organization" (1995:304).

A central theme in the evaluation process is to assess whether the participants learn what has been taught and whether the skills, knowledge and abilities are applied to the job context, and contribute to improving work performance after training. According to Patrick (1992) many organisations evaluate their training infrequently, and even if this is carried out, it is confined to the measurement of trainees' reactions. For that matter, Patrick (1992) proposed the need for frequent pre- and post-training evaluation intervals by line management. Reid and Barrington (1994) on the other

hand, proposed that training professionals, line managers and trainees all need to cooperate in the process of evaluation since each play a different role and bring a different perspective to the subject. Within the context of this research, the development of the theoretical framework considers two aspects of evaluation. Pre-training involves the evaluation before and during training. This is normally carried out by trainees and trainers. Post-training evaluation involves assessing training knowledge at the work place. This phase is often delegated to line managers in the NPCs. It is also essential to consider the perspectives of the trainees'. Indeed, indication of trainees' satisfaction with the programme has an important influence on learning (Noe, 1986:736).

### **5.3 Discussion on Two of Training Models**

For the purpose of this research, two training models advocated in the literature were analysed to set some standards that could be useful in making judgements about the process leading to effective management training practice in total quality. Although there are numerous training models (see e.g. Oakland and Waterworth 1995; Reid and Barrington, 1994; Goldstein 1986; Camp *et al.*, 1986) 'The Systematic Training Model' (1981) and 'The Quality Training Circle' set out by Oakland (1993) are considered here. Both of these models feature many of the positive characteristics of training practice outlined earlier. Moreover, some of the NPCs' studied do use the 'Systematic Training Model' (STM) in their regular training practices. Since the focus of this research is on the need for a better approach to management training practices, thus bringing about positive results, this analysis will also assist the newly-privatised corporations in effectively implement training in TQM.



### 5.3.1 *The Systematic Training Model (STM)*

Systematic Training is defined by Manpower Services Commission (1981:59) in Sloman (1994:21) as;

“Training undertaken on a planned basis as a result of applying a logical series of steps. In practice, the number and description of these steps tends to vary, but in general terms they would cover such aspects as development of training policy, identification of training needs; development of training objectives and plans, implementation of planned training, validation, evaluation and review of training.”

It was derived from an earlier training model created by the Industrial Training Boards in the 1960s (Sloman, 1994). Various versions of this model have since been developed (see e.g. Kenney and Reid, 1992; Bramley, 1986), but the simplest form has four interrelated cyclical process as explained earlier in section 5.2. Buckley and Caple (1990) put forward the advantage of this model as allowing;

“the trainer to plan and to work realistically within the constraints which may be placed on time, the availability of staff and of other resources...when short cuts have to be taken and some stages have to be abbreviated, the trainer is aware of where this has been done and is conscious of the likely effects” (1990:33).

Moreover, Sloman (1994) considered this systematic model to be useful in focusing;

“the trainer’s attention on the need to act in a structured and disciplined way and, ... stresses the place of effective evaluation of the training activity and the benefits that it can bring to other parts of the training cycle” (1994:23).

STM provides a clear definition of four important basic stages of training. However, this model has been criticised that;

“it does not suggest that the training function should take a proactive role in developing supply-led capability, nor does it consider the need to embed the modern training function in the organisation and define its relationship with the other parties involved in the delivery of training” (Sloman, 1994:23).

Also, this model failed to consider the importance of other features of the training process listed in Section 5.2 which were derived from the training literature review. In addition, Buckley and Caple (1990:33) point out that;

“the number of stages and the nature of the work undertaken at each stage of the process imply that it is slow and costly in terms of resources and ...too cold and clinical and is void of any consideration for the individual as a human being” (1990:33).

Taylor (1991) regards STM as being inflexible and not linked to practical reality.

According to him, training is not an isolation activity, but rather should reflect the link to organisational objectives. Similarly, Reid *et al.*, (1992) contend that;

“its (the model) reputation suffered as trainers gained experience and came to appreciate the complexities that arise both within and between each stage in the cycle, and hence demand a more sophisticated model” (1992:125).

In addition, they comment on the extent to which STM can be seen as, “only serving a static state which is never realised” (1992:126). Thus, it is recognised that this model may not be appropriate especially for the NPCs in this study. While it is not intended to advocate this model as the only ideal model and despite its limitations, some of its principles are still valid, and can be used in assisting the articulation of a new model.

The positive elements identified were:

- i) training practice are considered in a series of stages that provide trainers with a structured and disciplined framework;
- ii) training activities are interrelated from one stage to the other and considered as a loop of continuous cycle;
- iii) each stage is significant in its own right and could not be undermined for this might affect the effectiveness of the whole process of training;
- iii) the importance of major elements in training process viz., policy, identifying training needs, planning and delivering and evaluation provide a systematic approach to training practice; and,
- iv) training objectives are linked to achieve organisational goals.

### 5.3.2 *Quality Training Circle Model*

Quality Training Circle proposed by Oakland (1993) incorporates nine elements, viz., quality policy, allocation of responsibilities, definition of objectives, establishing the



training organisation, specification of quality training needs, preparation of training programmes and materials, implement and monitor, assess results, and review effectiveness. Oakland's definition of his training model clearly reflects the principle in that, all these elements are presented as a circle for continuous improvement and training is perceived as error prevention. This model presents training as a cycle of improvement and a function of the organisation's quality policy (Oakland and Waterworth, 1995). However, it differs from the STM in that it clarifies allocation of responsibilities in the training function and offers a more flexible approach in which training is regarded as a continuous cycle to meet changes. It embraces the concept of integrated management training since it emphasises the relevance of management concern for training for the organisation's quality policy. While this model does highlight the importance of management involvement and responsibilities in training, it does not suggest that the training function should be a shared responsibility between training professionals and management. Nor does it indicate the extent of commitment needed from different management levels in various activities surrounding training in order for that training to be effective. It does not fully recognise some other important facets of quality training practice such as differing responsibility of management (according to their levels) in the training function, selection and pre-briefing of trainees, piloting and availability of training resources/facilities in the process. However, for the purpose of this research, the positive elements that can be drawn from Oakland's Quality Training Circle Model are:

- i) training process to follow TQM principle cycle of continuous improvement;
- ii) training objectives should be realistic and attainable;

- iii) review and monitoring training effectiveness;
- iv) follow-up and quality counselling; and,
- v) good communication system.

It can be concluded, therefore, that it is possible to identify a range of positive elements of management training. However, in general, these do not focus on the need to stress management commitment at every level in exercising training in support of TQM implementation. Nor are they precise about establishing good characteristics of training practice in conducting total quality programmes successfully. In the context of the NPCs studied, the research therefore, attempts to show that there is a relationship between establishing good management training practice and the extent to which training in total quality produces positive results.



## CHAPTER SIX

### RESEARCH METHODOLOGY AND METHODOLOGICAL ISSUES

#### 6.0 Introduction

This chapter outlines the key methodology employed in this research. In this analysis, the case study was the primary method of research, while the data collection was through semi-structured interviews supported by observation and documentary sources. The early stages of the research involved reviewing existing literature to develop an holistic theoretical framework to form a structure for the research. The general hypothesis of this thesis is that changes in ownership of the four companies in the study led to them each adopting TQM, the implementation of which required an increasing emphasis on management training. The underlying aim of this study was to discover what factors facilitated and impeded achieving positive outcomes from managerial training in total quality in Newly-Privatised Corporations (NPCs) and, thereby, enable NPCs to face the challenges emanating from the new market environment. The following sections discuss specific areas of the research: choice of methodology; techniques of eliciting data for case study; design and piloting of research questions; selection of organisations; matching process; sampling size; the fieldwork and problems faced during the fieldwork; and the construction of a model.

#### 6.1 Choice of Methodology in Relation to the Nature of the Investigation

The research aimed to make a careful observation of the link between the development of management training in total quality and the related change processes

in the organisations under study. The use of case studies as the main method for this research is congruent with Yin's (1989) view that;

"Case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within real-life context" (1989:13).

It is clear, therefore, that because of the nature of the investigation, this non-hypothecated descriptive research is not susceptible to quantitative analysis. The reliance on a, "methodology which adopts a holistic approach - using concepts rather than numbers - to understand the complexity of organisational problems" (Easterby-Smith *et al.*, 1991:42 ) seems most appropriate. On this basis, common quantitative techniques such as the survey, and questionnaires were ruled out. Instead, qualitative techniques were used, encompassing semi-structured interview, observation and documentary sources.

## **6.2 The Preference for Qualitative Rather Than Quantitative Method of Researching**

The choice of which method to employ is dependent upon the nature of the research problem. Morgan and Smircich (1980) argue that the actual suitability of a research method, "derives from the nature of the social phenomena to be explored" (1980:491).

Several writers (e.g. Creswell, 1995; Easterby-Smith *et al.*, 1991; Taylor and Bogdan, 1984) have addressed the issue of the two basic methodological traditions of research in social science; namely positivism and post-positivism (phenomenology).

Positivism is;

"an approach to the creation of knowledge through research which emphasizes the model of natural science: the scientist adopts the position of the objective researcher, who collects 'facts' about the social world and then builds up an explanation of social life by arranging such facts in a chain of causality" (Finch, 1986:7).



In contrast, post-positivism is about a reality which;

“is socially constructed rather than objectively determined. Hence the task of the social scientist should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience” (Easterby-Smith *et al.*, 1991:24).

In other words, positivism, which is based on the natural science model of dealing with facts, is more closely associated with the quantitative method of analysis. On the other hand, post-positivism deals with understanding the subjectivity of social phenomena, this tends to require a qualitative approach. The nature of this research is to investigate the process of current training practices in organisations, therefore, “one generates by ‘getting inside’ situations and involving oneself in the everyday flow of life” (Burrell and Morgan, 1979:6). This suggests that the qualitative method is the most appropriate strategy since it allows flexibility and sensitivity in the analysis of life in the organisations. It is also more appropriate where the research process involves the collection of data, analysis and action which occur simultaneously (Gummesson, 1991:2). This standpoint is supported by Cassell and Symon (1994:5) who argue that, “only qualitative methods are sensitive enough to allow the detailed analysis of change”. The research in this study explores management training in the context of organisational responsiveness to change.

Several authors (Denzin and Lincoln 1994; Merriam 1988; Verma and Beard 1981; Glaser and Strauss 1967) argue that not everything can be quantified, especially aspects of social life, thus calling for the use of the qualitative method to provide a more realistic picture of the process and situation. Additionally, qualitative method provides the opportunity to penetrate, experience and understand the subject of the study as well as to enhance the researcher's awareness of the problem area and the

environment. In explaining qualitative research, Denzin and Lincoln (1994:4) state that, "qualitative implies an emphasis on processes and meanings that are not rigorously examined, measured (if measured at all), in terms of quantity, amount, intensity, or frequency." Thus, there are instances, particularly in the social sciences, "where researchers are interested in insight, discovery, and interpretation rather than hypothesis testing" (Merriam 1988:10). Notwithstanding, there are limitations to qualitative methods. This method is said to lack objectivity, lack precision, be less rigidly defined, and less driven by very specific hypotheses (Cassell and Symon, 1995). Data collection is time-consuming, and data analysis and interpretation can be a laborious task and difficult (Easterby-Smith *et al.*, 1991 ). However, the qualitative method has the;

"ability to look at change processes...to understand people's meaning, to adjust to new issues, and ideas as they emerge as well as contribute to the evolution of new theories" (Easterby-Smith *et al.*, 1991:32).

### **6.3 Case Study As a Strategic Research Methodology**

In explaining what a 'case' is, Yin (1989) suggests that the term refers to an event, an entity, an individual or even a unit of analysis. It is an empirical inquiry that investigates a contemporary phenomenon within its real life context using multiple sources of evidence (Yin, 1989:23). Anderson (1993) sees case studies as being concerned with how and why things happen, allowing the investigation of contextual realities and the differences between what was planned and what actually occurred. Case study is not intended as a study of the entire organisation. Rather is intended to focus on a particular issue, feature or unit of analysis. In this particular research the



specific issue is the process of training practice in total quality for managers in four NPCs.

Examining organisational training activity involves uncovering data from the subjects' perspectives. The case study methodology is chosen to achieve this. This method is appropriate for understanding the complex real-life activities in which the researcher has no control over the variables of interest, as the "topics are defined broadly, contextual conditions are covered and multiple sources of evidence are used" (Yin,1993:xi). Bromley (1986:38) notes that the aim of the case study, "is not to find the 'correct' or 'true' interpretation of the facts, but rather to eliminate erroneous conclusions so that one is left with the best possible, the most compelling, interpretation." In this research, the use of case studies is not intended to test theory but rather to generate theory that results from the findings. As Hartley (1994) argues;

"The opportunity to explore issues in depth, in their context, means that theory development can occur through the systematic piecing together of detailed evidence to generate (or perhaps replicate) theories of more general interest" (1994:211).

This use of case studies to probe the area of study extensively in order to understand the phenomenon is described by Patton (1987);

"Case studies become particularly useful where one needs to understand some particular problem or situation in great-depth, and where one can identify cases rich in information - rich in the sense that a great deal can be learned from a few exemplars of the phenomenon in question...Case studies particularly valuable when the evaluation aims to capture individual differences or unique variations from one program setting to another, or from one program experience to another" (1987:19).

Thus, the case study in this research facilitates a detailed examination of training practices using a similar total quality programme as an exemplar in different settings and relates the experience of each setting to the others. Through a thorough

understanding of the specific events drawn from the experiences in different corporations theory can be developed. Gummesson (1991) states;

“theoretical development is an ongoing process in which the creators of a theory keep working to test their creation in order to destroy it and replace it with something better” (1991:80).

### 6.3.1 *Strengths and Weaknesses of Using the Case Study Method*

Pointing the weaknesses of case studies, Johnson (1994:22-3) argues that case studies, “lack of scientific rigour, possible uniqueness of material and possibility of uneven access to all aspects of the phenomenon studied”. Similarly, Hartley (1994:208) states that often, case studies have been criticised as, “lacking in rigour and reliability and that they do not address the issues of generalizability which can be effectively tackled by quantitative method”. However, according to her, this argument is totally outmoded and that increasing number of studies have attempted to address the potential weaknesses of this method.

A number of writers have advanced some strengths of the case study. For example, it enables the researcher to gain an holistic view of a certain phenomenon or series of events (Gummesson 1991:76) and can provide a, 'round picture', since many sources of evidence were used (Johnson, 1994:22). Hartley (1994) advocating the advantage of using case study method, writes;

“Case studies can be useful in capturing the emergent and immanent properties of life in organisations...to capture the ebb and flow of organisational activity, especially where it is changing very fast” (1994:213).

In the case of this research, this allowed the researcher to understand the process of total quality training practices for managers in the NPCs holistically, especially in relation to supporting the implementation of TQM. The view that generalisations from case studies are invalid is contradicted by several researchers (e.g. Anderson,



1993; Gummesson, 1991; Adelman *et al.*, 1980 in Cohen and Manion, 1995).

Gummesson (1991) argues that case studies have the advantage of allowing generalisations which originate in a different dimension. He pointed out that;

"The other dimension (of generalisation) involves in-depth studies based on exhaustive investigations and analyses to identify certain phenomena, for example the effects of a change in corporate strategy, and lay bare mechanisms that one suspects will exist in other companies" (1991:79).

This assertion has some bearing on this study in that result of findings using multiple case studies can lead to some form of replication that can enhance generalisations.

### 6.3.2 *The Use of Multiple Case Studies to Enhance Generalisations*

In conducting the study, a multiple-case study approach was adopted in which a number of corporations are involved. The choice for multiple-case study is appropriate given that Yin (1993) argues;

"Multiple-case studies should follow a replication, not sampling logic. This means that two or more cases should be included within the same study precisely because the investigator predicts that similar results (replication) will be found. If such replication are indeed found for several cases, you can have more confidence in the overall results. The development of consistent findings, over multiple cases and even multiple studies, can then be considered a very robust finding" (1993:34).

Examining a number of corporations enhances the accuracy, validity and reliability of the results by capturing the holistic essence of total quality training practices for managers as well as exploring particular patterns in those practices. Supporting this view, Hartley (1994) argues that case studies may help in strengthening the research;

"A single case study may only be feasible option if resources or opportunities preclude a wider study. (However)...The research may be strengthened by the addition of a second case, or more...the researcher can develop contrasts within the case" (1994:214).

It was necessary, however, to limit the number of cases to four for reasons of time, finance, and the complexity of managing multiple sources of data (Gummesson 1991;

Patton, 1987; Verma and Beard, 1981). Gummesson (1991) supports such an approach;

"if you want to understand in depth the mechanisms of change (training) you need not study a large number of cases. Management consultants are involved with a limited number of cases" (1991:22).

Nevertheless, by collecting data from two NPCs in Malaysia and two similar ones in Britain, sufficient data was collected to ensure both validity and reliability.

#### **6.4 Techniques of Eliciting Data in Association with Case Study Research**

A number of writers (Hartley, 1994; Yin, 1989; Merriam, 1988; Patton, 1987) suggest the use of interviews, observation and documentation analysis as techniques of data collection in case study research. By using multiple qualitative techniques for this study, termed triangulation, "the researcher can learn much more about processes than is possible with other techniques such as surveys" (Hartley, 1994:212). Corroboration and confirming data strengthens the results. Denzin (1970) argues that;

"The rationale for this strategy is that the flaws of one method are often the strengths of another and by combining methods observers can achieve the best of each, while overcoming their unique deficiencies" (1970:308).

Thus, the selection of the three techniques are aimed at providing as complete a picture as possible since information which is not identified by one method can be attained through another. Moreover, data elicited by more than one technique or corroborated from several sources is likely to be reliable and valid. Thus, the combination of interviewing, observation, and document analysis allows different data sources to be used to validate and cross-check findings (Patton,1990:244) while providing an holistic perspective of the phenomenon studied.



The most important technique for data collection in this research was the semi-structured interview. The choice of semi-structured rather than structured interview was because it offers sufficient flexibility to approach different respondents differently while still covering the same areas of data collection. Such sensitivity to respondents is essential in eliciting information. As King (1994) explains;

"For characteristics of the researcher to influence the way in which 'subjects' responds to the instruments in a structured interview would be considered a flaw in the research method. Qualitative research,... does not require researchers to strive for 'objectivity' and to distance themselves from the research participants. Indeed, to do so would make good qualitative research impossible..." (1991:31).

Similarly, Johnson (1994:51) considers the semi-structured interview to be the most appropriate method for small scale research, where, "it is of greater importance to gain the co-operation of a limited number of interviewees than it is to ensure that the information they give is supplied in a standardised and readily collatable form". The interview can also reveal unobservable phenomenon;

"We interview people to find out from them those things we cannot directly observe...We cannot observe feelings, thoughts and intentions. We cannot observe behaviours that took place at some previous point in time. We cannot observe situations that preclude the presence of an observer" (Patton, 1980:186).

It enables people's perceptions to be captured and data about events to be obtained where the researcher was unable to be present for personal observation. Moreover, the interview can shed light on new dimensions which the researcher was unaware of before hand. As Burgess (1982) underlines;

"(the interview) is...the opportunity, for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience" (1982:107).

Furthermore, this method offers the opportunity of extensive coverage of a topic that is not possible with a questionnaire or survey. It does, however, limit the number of

respondents that can be reached (Cohen and Manion, 1989:308). Despite criticisms that interviewing is time-consuming (Robson, 1995:229) and prone to subjectivity and bias on the part of the interviewer (Cohen and Manion, 1995:272), this method is perceived as the most appropriate for this research since it offers the possibility of modifying enquiry, following up interesting responses and investigating underlying motives, thus providing rich and illuminating material (Robson, 1995:229). In this study, a semi-structured interview was chosen where a set of questions and issues to be explored, but not the exact wording was predetermined (Merriam 1988:74) that enabled reliable and comparable data to be collected. This type of interview was particularly useful in eliciting data from managers of different backgrounds. It provided flexibility and an ability to grasp rich fresh insights, and new information as well enabling all relevant topics to be covered.

The use of interviews in this case studies served two purposes. Firstly, as a principal method of data gathering. The interviews were aimed at gathering first-hand information from the respondents on the suitability and adequacy of the current training practices in total quality in light of management's responsibility for TQM. Consequently, the interviews were there to establish what the respondents perceived as factors leading to an ideal management training practice. Secondly, through direct interaction, the interviews extracted extensive information on research related issues such as factors influencing training provision, the training needs assessment, designing and piloting process, and the extent of the practicality of the training programme through the use of a core framework of research questions (see Appendix



1). This was done through gathering data on how respondents evaluated and perceived training in their organisations.

The interviews were tape-recorded to secure an accurate account of the conversations and avoid losing data since not everything can be written down during the interview. This view was supported by Smith and Dainty (1991:196) who argued that it is impossible to note everything that was said due to the speed of conversation. Tape-recording also ensured everything that was said was preserved for the purpose of analysis (Merriam, 1988:81). Although the obvious drawback of this method was the respondent's uneasiness with what was being recorded, usually after some initial wariness respondents tended to forget they were being taped (Merriam, 1988:81). Furthermore, fieldwork experience revealed that co-operation could be achieved once respondents were convinced of the confidentiality of their responses and had a clear understanding of the research purpose. To avoid complication and for easy referencing for the use in the process of analysis, every cassette tape was numbered and labelled with name of the interviewee. The tape number is used as a reference source throughout this study (see Appendix 4).

The second method of gathering data was through participant observation where the researcher observed phenomena of interest in the environment studied to draw information which was not obtainable from other methods. Friedrichs and Ludtke (1975) point out that;

"Participant observation is suitable for research on processes into complex fields of activity with numerous situations and persons, ...in areas where interview data can be invalid" (1975:85).

While the interview may uncover actions and interactions from people's perspectives, observation unfolds the complexity of the situation as the observer himself witnessed and experiences the area studied without depending solely on the accounts from interviews or documents. However, participant observation is not without criticism. It is argued that the accounts that emerge from participant observation are subjective, biased, impressionistic, and idiosyncratic and this raises questions of validity (Cohen and Manion, 1995:110-1). In spite of these allegations, the use of triangulation of techniques employed in this research could act to cross-check findings which was useful in order to help overcome this problem.

Having to be present in the studied setting for a period of time means that observation can furnish fresh insight to the researcher. As Merriam (1988) puts it;

"The participant observer gets to see things firsthand...rather than relying upon once-removed accounts from interviews" (1988:88).

Thus, it was through observation that the researcher came to understand both the settings within which the total quality training activities took place and those aspects which had not been discussed in interviews. In participant observation, the role of the researcher was such that, "his presence as an investigator is made known, and he attempts to form a series of relationships with his subjects such that they serve both as respondents and informants" (Denzin, 1970:190). Roy (1970) in Burgess (1984:81), stresses that this role provided "freedom" to the researcher to collect relevant information and to "penetrate social situations" in establishing relationships with informants and understanding their environment. These observations related mainly to the physical setting within which training activities took place, including the room arrangement, teaching equipment and materials, methods of delivery, and the social environment



including number of participants and the pattern of their interactions. This provided evidence for describing the on-going activities in the setting and the participants in those activities through the perspective of both the observed and the observer. In this way, observation generated insight and better understanding on the phenomenon studied, in this case the training practices.

The third and final method employed in this research was documentary sources. This was important to supplement as well as to compensate for the limitations of other methods. It was especially valuable in exploring the policy framework within which TQM was being implemented in these four NPC's.

"Program documents provides a behind-the-scenes look at the program that may not be directly observable and about which the interviewer might not ask appropriate questions without the leads provided through the documents" (Patton, 1990:245).

Documentary evidence acts as a method to cross-validate information gathered from interview and observation given that sometimes "what people say" was different from "what people do" (Hodder,1994:345). Additionally, it also provides guidelines in assisting the researcher with his enquiry during interview. As Guba and Lincoln (1981) observe;

"documents contain valuable information about some inquiry problem of interest that might lend greater clarity to his understanding to the research setting" (1981:237).

Eliciting data through documentary analysis provides familiarity with the subject studied and thus prepares the researcher to fit into the setting. However, Yin (1989:86) cautions that documents must be carefully used and should not be accepted as literal recordings of events as this can lead to bias. Another limitation is that since documents were not produced for research purposes, the information offered may not

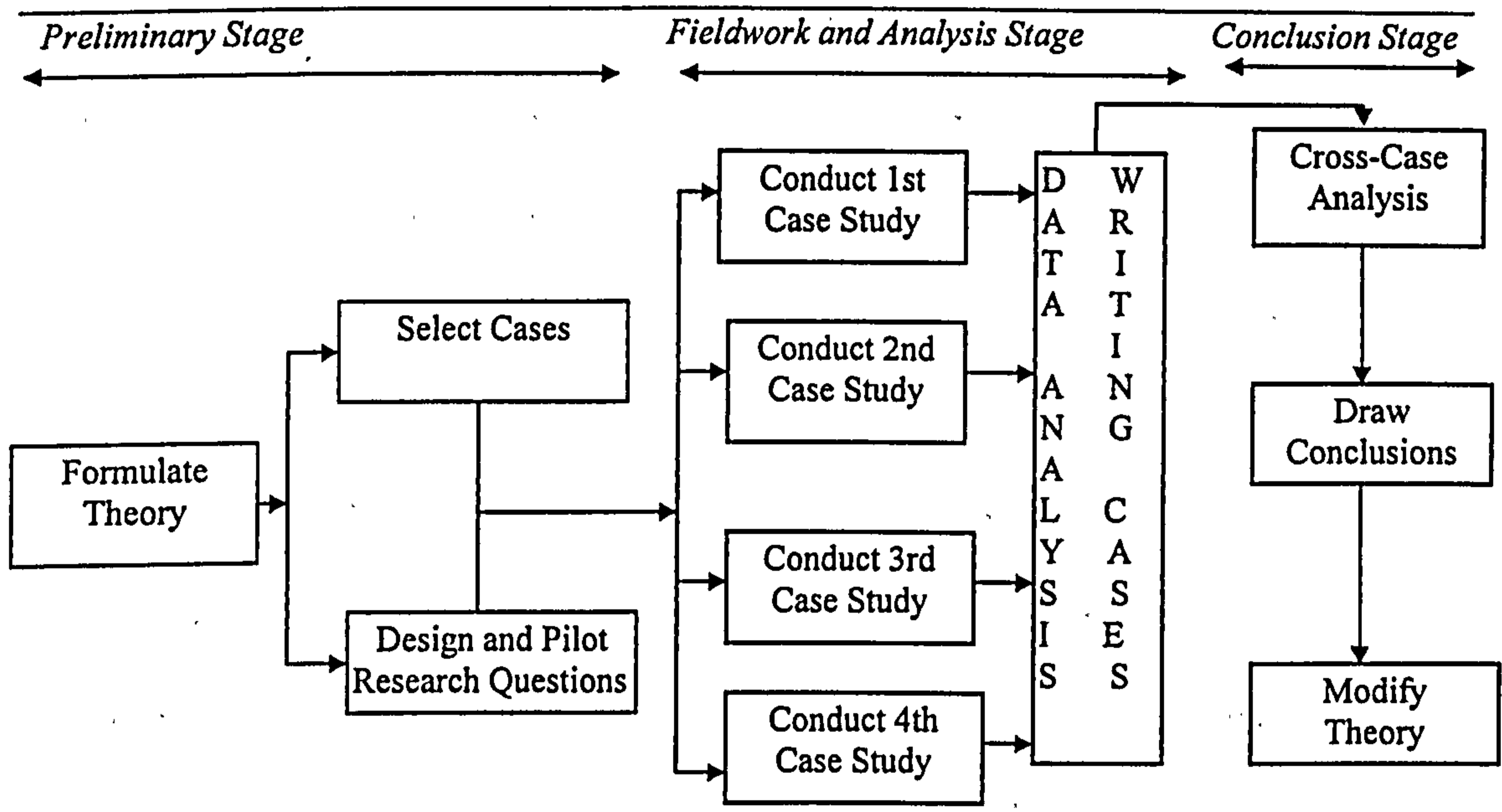
be fully understood by the researcher (Merriam, 1988:106). Hence, it is important to clarify the material by cross-checking through interview or observation. Despite these limitations, documentary data is particularly valuable for qualitative case studies and forms "objective" sources of data compared to other forms (Merriam, 1988:108-9). Official and unofficial documents and records pertaining to the process of training activities in the NPCs were analysed for this study. In examining the historical development for each individual case study, documented sources such as those mentioned in Section 1.6 of Chapter One were used. These materials were compiled mainly from the respective corporation's resource centre, individual records, and libraries from various universities. Thus, the corroboration of multiple qualitative techniques for this case studies research therefore enhance the validity and reliability of the findings. Relying on a variety of sources in gathering data for this study can build the strengths of each type while minimising the limitations of other types such that each method complements the other. Such deployment of methodological triangulation in qualitative research is imperative as this can eliminate errors, reduce uncertainty of interpretation, and provide credible and reliable findings.

### **6.5 The Stages Involved in Carrying Out the Research**

As shown in *Figure 4*, this research was undertaken in three stages. Firstly, the preliminary stage which entailed developing a hypothesis, designing and piloting questionnaires for interview, selecting organisations, match paired organisations, and determining sample size for each organisation. Secondly, conducting the fieldwork. This involved gaining access to information during interviews, personal observation and documentary analysis, analysing fieldwork data and writing individual case



reports. The third and final stage involved cross-case analysis and drawing conclusions, followed by the construction of a new model for management training in total quality in the NPCs.



**Figure 4 Stages Involved in Conducting the Case Studies**

### 6.5.1 The Preliminary Stage of the Research

The first stage of the research commenced in November 1993 and lasted for about eight months. An intensive search of the literature, was conducted by computer and manual methods. This centred on issues related to the understanding of managerial work and its competencies, management development, education and training and the training practice process. In addition, several discussions with the academic supervisor, colleagues and professional staff in selected organisations were also conducted to extract valuable information in order to construct a framework for this research. Opinions from professional staff and documents from the NPCs were useful in gaining an early understanding of the topics that needed to be explored in

individual organisations. This was followed by the formulation of a theoretical framework which formed a structure for the study. A set of research questions to be used in interviews was later constructed.

#### 6.5.1.1 *Design and Piloting of the Interview Questions*

As the interview was the primary data gathering instrument for this research, a semi-structured interview was chosen where questions were carefully designed to provide adequate coverage for the purpose of this research as well as to minimise inaccuracy and bias. Major questions were developed in the form of a general statement which was then followed by a sequence of sub-questions for further probing. The topics of the questions chosen were based on the hypothesis outlined in Chapter Five, which formed the theoretical framework for conducting the research. The questions were categorised into three sub-headings: the suitability and adequacy of current training practices; factors perceived as important for or having direct influence on training provision; and, the practicality of the programme (see Appendix 1).

Each sub-heading or set of questions was targeted at a different group of respondents, namely, the senior managers, middle/line managers, trainers and trainees. This approach is supported by Anderson (1993:207) who points out that different target groups may be the source of different types of information which cannot be found more efficiently or more validly in another way. Prior to starting the fieldwork, the preliminary questions were piloted with six managers from various organisations in both countries. The piloting was aimed at identifying ambiguities, helping to clarify the wording of questions and permitting early detection of necessary additions or omissions. These pilot interviews provided useful insights. As a result, the wording



of some questions was modified, questions were added or omitted and the sequence of questions was rearranged to create a more logical flow. For example, since these corporations were found to emphasise training as a tool to support TQM implementation following privatisation, questions surrounding total quality training were focused, to determine the extent of management involvement in the training function and other activities surrounding training. The piloting led to questions being revised several times prior to the actual fieldwork. It was decided that questions would cover how management training practices in total quality was undertaken to support TQM implementation and the extent of management involvement in the training process (refer to Appendix 1).

#### 6.5.1.2 *Selecting the Organisations*

As explained in Chapter One, the research topic was stimulated by the changes affecting the SOEs in Malaysia brought about by the Government. Thus, the selection of organisations in Malaysia was based on specific criteria. Organisations should:-

- (i) previously have been a major public monopoly;
- (ii) be fully privatised or in the process of being privatised during the period of 1985 to 1993;
- (iii) be predominantly service oriented;
- (iv) be a '*strategic*' organisation in that, it is believed by the Government to have considerable influence on the economy of the country;
- (v) have some kind of in-house learning provision (training institute) for its employees.

Furthermore, since the researcher's past experience has been in 'service-based' industry, the decision to focus on this sector seems to be an added advantage in pursuing the research. Initially, based on the criteria listed above, four newly-privatised public monopoly corporations in Malaysia were identified: telecommunications, the national electricity board, the postal service and the national railway. Later, these corporations were matched with newly-privatised/would be privatised organisations of similar in nature in Britain. This was to provide a comparison which might facilitate reliability, validity, and generalisation. This method of study, however, was not seen without difficulties. Comparative study may result in too much data being collected than can ever be analysed (Bogdan and Biklen, 1992); study samples may not be of typical organisations or not heterogenous (Hartley, 1994; Casell and Symon, 1995); and problem of generalising from case studies (Bryman, 1989). In his counter argument, Hartley (1994) contend that cases may be purposely chosen to be untypical, "in order to bring to the surface processes hidden in more usual settings"; and also, by choosing various cases, attention can be drawn to their similarities and differences (Glaser and Strauss, 1967). Bryman (1989:171) further argued that by including a second (or more cases), "the generalizability of the research may be enhanced, and comparisons allow special features of cases to be identified much more readily". Following that process, preliminary contacts with the respective organisations in Malaysia were sought. Similarly, access was negotiated to organisations in Britain. The next step was the sending of formal letters to the selected eight organisations from both countries to acquire approval for them to participate in this study. Responses received after a few weeks were firstly from the organisations in Britain, indicating that three confirmed their approval and willingness

to participate whilst one organisation was unable to take part due to organisational restructuring activity. On the other hand, responses from all four of the organisations in Malaysia received at later dates indicated their agreement and approval. Since replacement with another similar organisation in Britain was not possible due to time and distance, and that, the initial intention of the fieldwork research especially in Britain was to limit the area within the researcher's locality, only three types of organisations were matched and paired. However, while progressing the fieldwork in both countries, one match pair of organisations had to be dropped from the study for two reasons: firstly, that particular organisation in Malaysia does not carry out any total quality managerial training locally; and secondly, the similar type of organisation in Britain was not privatised by the Government, although at the time this research was about to begin there was an indication that it would be privatised. Thus, this study contains two matched pairs, Telekom Malaysia and British Telecom and Malayan Railway and Regional Railways Central.

### *6.5.1.3 Matching Telekom Malaysia to British Telecom*

The first matched and paired organisations were the newly-privatised telecommunications companies. These organisations are the major telecommunications supplier in their respective countries.



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catchment area, capacity and size, and number of workforce, compromises were accepted to match them on the basis of their similarity of business and mode of operations.

### *6.5.2 Determining Sampling Size for The Study*

In researching the practice of management training in total quality, as explained in Chapter One, this study does not intend to focus on any one particular level of management, but rather, to emphasise the training of managers as a whole to anticipate and manage change collectively in the new organisation. Accordingly, Lawrence (1986) points out that the division of management into a hierarchy of levels is only necessary to describe the way an organisation is structured, while such titles have no standardised meaning. Similarly, Constable (1988) notes that fewer management levels are expected in the future due to frequent changes. Thus, it is necessary to clarify here that management training in this research is not targeted towards any specific level of management but the concern is more one of how management training is carried out to prepare all managers to cope with change processes in the organisations under studied.

For the purpose of understanding training in total quality for managers, respondents were put into four categories: senior managers, middle and line managers, trainers and trainees. The need to distinguish between groups of managers when examining issues related to management have been suggested by researchers as vital in order to provide rich and meaningful information (e.g. Wexley and Baldwin, 1986). Methodologically, segregating respondents provides the researcher with the opportunity to focus on

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Sometimes an interview had to be carried out with interruptions from other parties. The respondent had to answer a telephone call, or communicate with colleagues or his secretary, for example. This meant that the interview had to be conducted at a later hour than it should have been or at times the interview had to be called off and rescheduled at a later date. There were even times that when the researcher successfully managed to interview a respondent (chosen by the organisation), but little information was yielded because he was less knowledgeable in some areas of the research topic. In such cases, another candidate had to be picked based on reliable sources from the organisation. Gummesson, (1991) has cautioned that gaining access to respondents does not necessarily mean gaining information. It is therefore imperative for the researcher to identify the 'right' candidate who has both the ability and willingness to co-operate and has access to relevant information. Apart from conducting face-to-face interviews, there were instances where the researcher had to follow-up interviewing using telephone interviews and facsimile facility in order to elicit more information. This follow-up process of gathering data was vital because there were some aspects of the information obtained that was unclear and need further clarification or because some questions were not asked during the fieldwork interviews.

#### *6.5.4.2 Issues Related to Accessibility During Observation*

Gaining entry to observe a training programme in session was not an easy task. Permission had to be requested from the person in charge of scheduling the training session as well as from the trainer concerned. An earlier appointment to attend the training programme had to be made with the relevant authority. At the beginning of a

training session in each NPC, the researcher was introduced to the participants by the trainer, clarifying the purpose of his attendance and the role of being a participant observer on the programme. Easterby-Smith *et al.*, (1991) note;

"This type of observer role is the most often favoured, as it provides many of the insights that the complete observer would gain, whilst offering much greater flexibility without ethical problems that deception entails " (1991:98-9).

However, one difficulty experienced by the researcher was that his presence somehow led to a degree of uneasiness among trainees. For instance, there were occasions that some trainees felt an unwillingness to participate openly in discussions as they perceived the presence of a stranger was a distraction. To avoid such perceptions by the trainees, the researcher had to interact with the group especially during coffee breaks. It was important that the researcher should have as little as possible in order to make an accurate account of the event. In this instance, the researcher tried not to be seen taking direct notes.

#### 6.5.4.3 *Getting Access to Documentary Sources*

Gaining access to documents on subjects under research was also a problem. For instance, access to some documents involved getting permission from various levels of authority before they could be obtained. Some documents were not made available due to strict confidentiality, for example, quality reports from both Telekom Malaysia and British Telecom. In this regard, the researcher had to obtain permission from higher authority in both organisations before such documents could be accessed. The other difficulty was, there were cases when the researcher was flooded with a massive amount of documentation which involved considerable time combing through these huge files and extracting information relevant to the research, for example, in the case



of Malayan Railway, the South-East Asian Railways Conference Proceedings. To tackle this problem, the researcher had to review these documents before deciding to collect them. However, there were instances that after analysing some of the documentary sources collected, it was found that some information contradicted the information gleaned from interviews. One reason for this was that some of the reports were written for the purpose of reporting but were not fully implemented or because new policies or strategies had been introduced to replace old ones. One example of this was where TQM documents obtained from one organisation in this study was prepared by management for the sake of presenting it in an annual conference. These findings run parallel to the view of Merriam (1988) who stressed that part of the weaknesses of documentary sources were that some material was produced for technical reports or periodic statements about the progress of a programme; documents are not produced for the research purpose and therefore may not fit research needs. Documentary materials may also not be authentic and accurate as perceived. In this instance, the researcher was cautious of these limitations when cross-checking documentary data with other methods that could assist in determining the authenticity and accuracy of information needed for the research. In general, problems encountered during research were perceived as encouraging, rather than discouraging. They shed light for the researcher who became more experienced in tackling some of the barriers as the research progress.

## 6.6 Applying Theory in This Research

In explaining the use of theory in relation to this study, the researcher concurs with the view of Merriam (1988) who writes;



"The role of theory in research can be thought of in terms of an investigator's theoretical orientation or it can be approached in terms of how theory relates to the problem under investigation...a theory integrates pieces of information into a whole; it makes sense out of data; it summarizes what is known and offers a general explanation of the phenomenon under study...The theory provides a framework for what is to be observed and what is to be collected in the form of data (1988:55-8).

Thus, theory is significant in providing basic information on research to be undertaken. It is through research that empirical evidence is provided, whether theory is being confirmed or refuted. Stressing the importance of both theory and research in starting an investigation, Mouly (1970) points out;

"Researching and theorizing go hand in hand, and it is generally desirable to begin the report of an investigation by fitting the study into the framework of existing theory, and to end it by pointing out the implications of the findings and conclusions with respect to their theoretical as well as their practical significance" (1970:71).

The integration of theory into research is imperative in the process of gathering information. It enables the development of a conceptual framework for the study and can act as a base for determining the extent to which an ideal quality management training practice is exercised in the organisation. Theory analysis also serves as a basis to explain the facts and their relationships in connection with the research problem while guiding the researcher in his future course of action or discovery. The importance of theorizing in research is emphasised by Anderson (1993) who argues that;

"Research not based on theory is generally utilitarian and is often suspect in academic circles" (1993:47).

Similarly, Mouly (1970:68-9) points out, a theory does not have to be true or false and that an inadequate theory is probably better than none. Nevertheless, theories in social science have often been criticised for being too abstract as compared with natural science (Verma and Beard, 1981). Some writers (Verma and Beard, 1981; Travers,

1978) argue, however, that although many aspects of human behaviour such as attitudes, motivation and creativity, cannot be observed directly, one can observe their consequences. Theory can help in explaining the terms and subject matter. It is from this foundation that the researcher may identify and promote new evidence to explain his own specific data which will eventually lead to the modification of an original theory, for instance, what management training in total quality should be like in response to organisational change in ownership. On this point, Verma and Beard (1981) underline that;

“Although there is some disagreement about the methods for theory development, there seems to be a general acceptance with regard to the practical value of theory in extending the existing body of knowledge... the investigator must be prepared to amend or abandon it if and when new evidence is obtained which is not consistent with the original theory” (1981:11).

Therefore, the use of theory in this research was essential in establishing a conceptual framework to guide the researcher in what to look for to achieve research objectives in a logical and prescribed fashion. In this research, an analysis of literature review led to the development of a view about what constitutes ideal training practice in total quality for managers in these NPCs and a judgement about the extent to which the role of the training function changes in relation to implementing TQM training.

## **6.7 The Construction of a New Model at The End of The Study**

While theory provides an understanding of conceptualising the world around us, models are analogies used to represent complex phenomena to make them more readily understood (Travers, 1978). With new findings during research, the basic hypothesis about TQM training was modified and developed to form a new model, moving to a deeper level of understanding. An organic approach was applied in

which subsequent findings eventually strengthened and completed the development of a management training practice model in total quality at the end of the research. Thus, a model can clearly represent certain aspects of complex phenomena in a more intelligible form for that which the researcher wishes to explain (Verma and Beard, 1981). The justification for constructing a model at the end of this research was that data extracted from the complexity of real-life situations can lead the researcher to drawing conclusions from the findings. Here, the model was regarded as a set of key variables between them. The chapters that follow present discussion on each individual case study with regard to understanding the practice of training in total quality for managers. This data was used as a basis from which to develop the model for training.



## CHAPTER SEVEN

### MANAGEMENT TRAINING IN TOTAL QUALITY : MALAYAN RAILWAY

#### CASE STUDY

##### 7.0 Introduction

In Malayan Railway, although the government privatisation initiative was an important trigger for change in the company, the most significant factor in generating radical change was the declining progress of the nation's rail development over the previous twenty-five years. It will be explained in this chapter that government failure to develop the rail network was made worse by accumulated financial losses, deterioration in the quality of rail services, and obsolete rolling stock. Privatising the company, therefore, was seen by the Government as the best policy to resolve the situation. The privatisation initiative led the top management to bring about changes in the way the rail system was managed, with a view of providing excellence rail service to the users.

As part of the Government's effort to privatise the nation's railway system, *The Development Planning and Railway Privatisation (1985-2000) Report* (1984) was commissioned. This stated that the Government's bias towards road transport in the 1970s left Malayan Railway deprived of financial support to upgrade the nation's only rail network system. This led to a decline in performance which resulted in the company running into financial difficulty. The following section outlines how the change in status brought about the need to strive for quality rail service in order to improve performance,

as part of which the company decided to implement total quality initiatives. This study analyses the extent to which these activities were carried out in the light of those elements of quality training identified in Chapter Four as essential when implementing TQM. The final section presents fieldwork of the company's one total quality training programme for managers.

### **7.1 Malayan Railway: The Background**

Malayan Railway (KTM) was established as a state agency solely responsible for providing the nation's rail transport service (in 1949 under the Railway Ordinance 1948). KTM, however, did not develop the railway system effectively. There was a slow expansion in the railway network and infrastructure (*The Development Planning and Railway Privatisation (1985-2005) Report* 1984 which mainly stemmed from the Government's neglect of the system and an emphasis on road transportation with the building of modern highways. The Government policy was seen as encouraging this mode of transport. As the Report stated;

"In the 1970s we saw a deliberate inducement for road transportation because we believed that a road system was the most efficient means of transport...Rail transportation is invariably placed in a secondary position...there was a definite bias for road transportation system in the 70s" (*The Development Planning and Railway Privatisation (1985-2005) Report*,1984:124-5).

The Report also noted that towards the end of the 1970s, Malayan Railway faced other problems. The railway network which was operating on a single track throughout the country was furnished with obsolete rolling stock. Moreover, the quality of service was deteriorating and that resulted in a significant drop in the number of passengers and a decline in freight business. Mounting complaints and criticisms were made regarding its

poor management and administration, along with slow and inefficient service, long hours of train delays, poor punctuality and cleanliness, further damaging the organisation's public image (*The Development Planning and Privatisation (1985-2005) Report*, 1984:113-4). Above all Malayan Railway was experiencing financial losses and was unable to meet its debt and interest obligation.

"Financially, between 1980 to 1983 on the Profit and Loss Account, KTM lost MR21.03 million, MR42.23 million and MR39.98 million respectively. Its accumulated loss was MR143.25 million..." (*The Development Planning and Railway Privatisation (1985-2005) Report*, 1984:113-4).

This Report further illustrated the financial situation as;

"At current value its rolling stock is probably at salvage value. The total Government equity is MR194.46 million, all of which has been consumed, its general reserves stand at zero and it can no longer meet its debt and interest obligations. Its cashflow is tight and its creditors are facing problems because of protracted payment schedules. Financially, KTM is in an extremely difficult position" (1984:114).

This situation encouraged the Government to take stringent measures. The Report argued that privatising the organisation was the best way to relieve the Government from the financial and administrative burden and to improve efficiency:

#### 7.1.1 *The Development Planning and Railway Privatisation (1985-2005) Report 1984*

*The Development Planning and Railway Privatisation (1985-2005) Report* was conducted by the Economic Planning Unit, in the Prime Minister's Department, to examine ways to modernise and boost the economic viability of the railway system. The study presented a scheme for the privatisation of Malayan Railway, identified the key issues such as status of the employees, assets, loans and finances of the organisation which were likely to materialise as a consequence of incorporating a Railway Company, and finally proposed a methodology for resolving the organisational problems. It was on



the basis of this study that the decision to privatise Malayan Railway was taken. *The Development Planning and Railway Privatisation (1985-2005) Report* commented;

"The initial analysis indicates that privatisation is not only feasible but desirable as a strategy of overcoming multifarious problems presently encumbering the smooth running of the Railways" (1984:113).

Privatisation strategy, it was argued, could pave the way for a more efficient and effective railway company besides bringing about major innovations in the system. Referring to the attempt of modernising the Railways, the Sunday Mail Editorial noted that;

"Planning and implementing a modernisation programme, computerisation,...new tracks, new tunnels and bridges...would definitely be additional burdens unless the Railway Administration was reorganised and revamped...and what better way could there be for doing so than by injecting the vitality and vigour of private enterprise into Malaysia's rail system in liberal doses" (12th June, 1983:8).

This suggested that given the current financial difficulty in the organisation, privatisation was the most compelling way to establish a more profitable company.

### 7.1.2 *The Process of Privatising Malayan Railway*

It was not until 1991 that the Government's decision to privatise was enacted through the Railways Act (1991) and the Railways (Successor Company) Act (1991). As a result of these Acts a new company was established, the Keretapi Tanah Melayu Berhad (KTMB), to take over the old KTM and to operate as a commercial entity from August 1992. Privatisation took place in two stages, corporatisation, becoming a wholly-owned government company for five years, followed by privatisation, becoming privately-owned. On corporatisation, a total number of 7,179 workforce along with the assets and operation was transferred to the new company.

The Railway Act 1991 also contained provision for the establishment of the Department of Railways by the Government. This was to exercise the regulatory function of the railway operator. The Act also stated that every company had to obtain a licence from the Ministry of Transport before operating the railway service. For KTMB, a licence was issued by the Ministry for a period of thirty years effective from the date of its corporatisation. KTMB was also required to draw up a Code of Practice as guidelines to the customers and employees with regards to any complaints about the railway services. There was a major restructuring following corporatisation that began with the appointment of a new board for the company nominated by the Government through legislation in the Railway (Successor Company) Act (1991). This resulted in the commissioning of the Board of Directors, consisting of ten executive members headed by an Executive Chairman and a Managing Director. This was followed by the drawing up of a corporate strategic plan with the assistance of consultants. The new plan led the company to identify and centre its activity on three Strategic Business Units; Passenger, Freight and Property services. Structurally, this process was to segregate its business activities and to make the company more customer focused to, "provide excellent rail and related transport services in Malaysia" (KTMB Training Centre, 1994b:2) and a vision statement, "to provide higher value added services in Malaysia" was launched (KTMB Working Paper, 1994c:4). This led the company to address the need to prepare its employees for the new organisational status. Thus, cultural transformation from a bureaucratic civil service into a customer oriented commercial entity needed to take place. As one senior manager emphasised;

“Because of profit motive, revenue generating and quality service, we therefore redefine our mission statement. It is also the question of how to link corporate mission and staff development, especially managers. This is the biggest challenge as far as management is concerned” (Senior Manager 1, Tape No.12).

This indicated that profit motive and quality service have become an explicit management concern for this company. In its state-owned status, this was possibly not the case. Managerial development, therefore, was seen imperative by management of this company. Moreover;

“Management is very concern where the problem now being, culture not in tandem with modern business, where government bureaucratic way and the issue of accountability need to be addressed. There is a need for sense of urgency, where people can translate delays into losses and opportunity costs. Therefore, management need to address all these issues” (Senior Manager 1, Tape No.12).

In order to address some of these issues TQM was introduced. Staff development was a priority. To communicate quality consciousness, some significant quality programmes were introduced such as Quality Customer Service, Excellence Service, Service Plus, and above all, the formation of the Quality Control Circle for every department. This initiative stemmed from the company's need to instil customer orientation, to improve performance and to upgrade efficiency.

## **7.2 The Government Privatisation Initiative as an Impetus for Change**

As the company moved through corporatisation towards privatisation, three main areas of activities were restructured. The first was its legal framework which was amended through a new Railway Act (1991), the Railway (Successor Company) Act 1991 and the Memorandum and Articles of Association (M&A). Both these new Acts provided regulatory functions for the railway operators concerning safety, tariff and charges and standards of performance, while the M&A provided guidelines on functions and activities



for the company to be more viable. The second was the financial activities. The company's financial position was restructured to gain an optimal capital structure and to ensure its viability. The final aspect was the personnel. This involved the establishment of new terms and conditions of service, new salary package, Option Letters, New Organisation structure, communication sessions and dealing with unions (KTMB Working Paper, 1993d:9).

With privatisation came the need for a change in attitudes and practices away from those of a public rail delivery service to a competitive commercial entity. The need to respond to competitive reality was expressed by one senior manager;

"We are trying to analyse our culture, the culture we have been accustomed to...(it) may be not be in line with the new way of doing things. We need to tell our people that loss of time means loss of income, people should be remindful of how to keep down cost. It seems that we need to correct them, people have to look at it (tasks) from business point of view" (Senior Manager 1, Tape No.12).

This, illustrates that the company needed to inculcate a more efficient work culture in order to meet the current business challenges. Privatisation initiatives also charted new frontiers for the company in its attempt to modernise the rail transportation. The recent completion of the dual tracking in 1995 and the electrification of the railway lines including modernising the signalling and communication system equipped with new Electric Multiple Units (EMU) rolling stock, marked the beginning of the company's advancement towards the introduction of new technology in the nation's railway system to provide a better commuter service while aiming for greater profitability (KTMB Annual Report,1993c).

The need to generate revenue became more obvious. As one senior manager related;

"even before privatisation, this company is supposed to generate revenue although we are committed to run some uneconomical services assigned and subsidised by the Government. With privatisation, the profit motive now becomes more apparent, we should be self-generating in terms of revenue" (Senior Manager 1, Tape No.12).

This process of privatisation also made it possible for the company to diversify its business and to exploit new opportunities. Instead of concentrating solely on rail services as in the past, it diversified into new activities like bonded warehouse facilities, container yards, real estate development, shopping arcades and forwarding services possible. This was based on experiences of successful foreign rail companies particularly, the Japan National Railway. As declared in the Report;

"There has been a conscious attempt to model the corporate structure of the future railway company on major private companies of Japan...The intuitive view is that if the railway company is able to be profitable and successful venture, it must be given the opportunity to replicate the corporate diversification of these companies" (*The Development Planning and Railway Privatisation (1985-2005) Report*, 1984:121).

This opening of new dimensions provided the impetus for the company to redefine its business strategy and further to consolidate its profit plans.

Other major challenges resulting from privatisation included the establishment of an independent regulator, the Department of Railway; a rail competitor, the Light Rail Transit System (STAR) which operated in areas surrounding the capital city, Kuala Lumpur; and competition from highways nationwide. This competition, especially from highways pressurised the company to embark upon a customer focus in which upgrading its quality of service became the prime strategy. One senior manager critically articulated this;

"Now we are facing competition when highway is another choice of transportation, the number of customers are dropping. Again, we have to compete in quick time, to operate efficiently, and the focus now is on customers" (Senior Manager 1, Tape No.12).

Another manager expressed her view on the matter as;

"we now face stiff competition with the construction of highways. People prefer to travel by road now rather than rail, and in fact, to be honest, we have to shut down some of our normal services due to poor response from customers, and of course, this has to do with speed" (Middle Manager 2, Tape No.15).

This implied that the drive towards improving the quality of service to customers remained the concern for the company particularly in terms of punctuality. The next section discusses the implementation of TQM in the company.

### **7.3 Total Quality Management Implementation in Malayan Railway**

The introduction of Total Quality Management (TQM) in Malayan Railway began in the late 1980s, when it was a state-owned, following the Government's intensive campaign for quality in the public sector. It was not until the company was privatised that quality initiatives became important. In principal, the company viewed TQM as;

"a systematic process for improving products or services conveyed by management's action and commitment and practice by all. It is a structured disciplined approach to identifying and solving supported by statistical quality control and it is long term" (Fifteenth ASEAN Railway General Managers' Conference,1993b:1).

In doing so, the company perceived TQM to be a continuous process for meeting and exceeding the needs of its customers.

The initial action taken by management was the formation of a TQM Corporate Council from the top management, accountable for the overall quality planning for the corporate's mission. This group was responsible for creating departmental TQM Councils that later



formulated the organisational and operational objectives for every department to review strategies and monitor quality activities. Following this, to implement quality initiatives company-wide, Quality Control Circles (QCC) were formed with the intention of solving work related problems in their respective departments. The implementation began with the identification of officers to become leaders or facilitators of the Circles. They were to undergo training conducted by the National Productivity Centre (NPC), a government quality agency.

During this period, numerous activities were launched in the company with the purpose of inculcating quality consciousness. For instance, a two-day seminar on quality service was held for all staff. Various quality training programmes were scheduled especially for staff and officers who dealt directly with the public. An annual Quality Day was launched by the Chairman in 1991, in recognition of those people who excelled in quality. This became an annual event that helped create a quality conscious environment in the company. Moreover, the Government establishment of the Prime Minister's Quality Award to acknowledge quality achievement for both the public and private sectors at national level provided further impetus for the company to strive towards quality improvement. Further understanding on the company's TQM activities is illustrated in *Figure 9*. This shows the extent of the activities carried out by the company, which were identified in Chapter Four, seen as crucial when implementing TQM. These elements are: senior management commitment; company-wide employee involvement; measurement and control systems; customer/supplier focus; continuous improvement and education and training.

Figure 9 THE TQM ACTIVITY IN MALAYAN RAILWAY

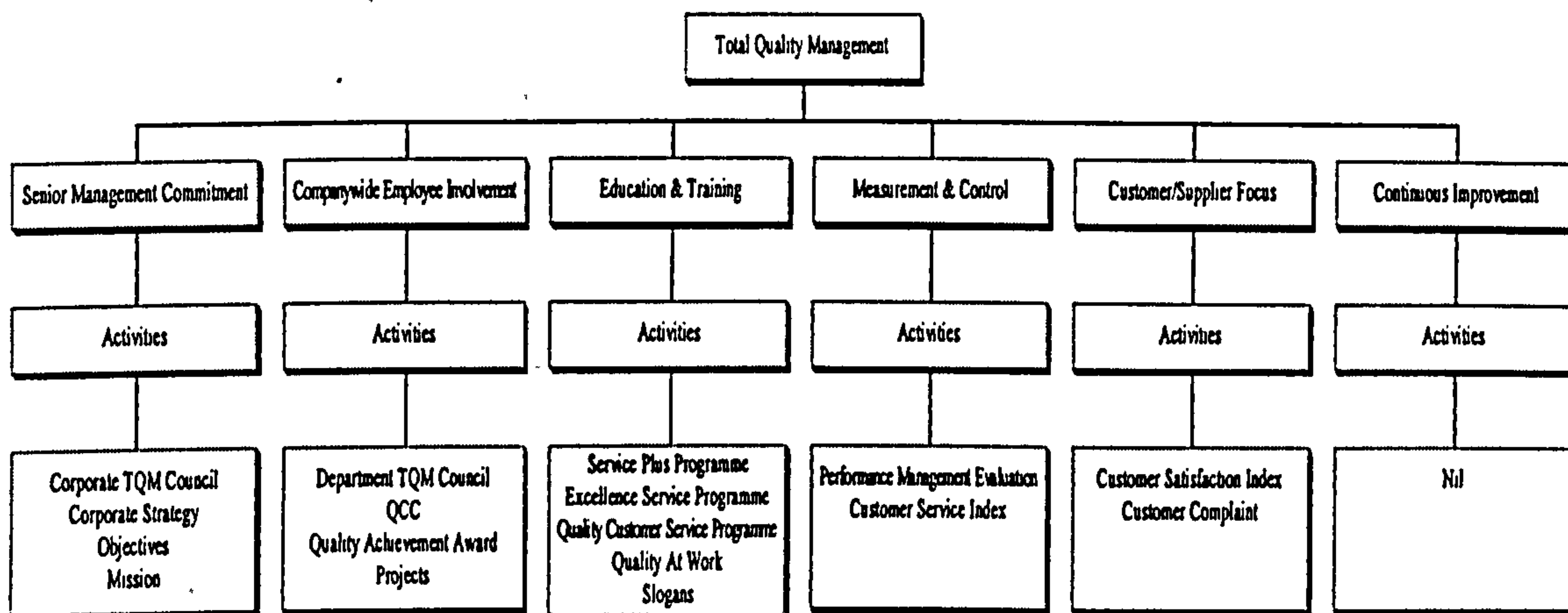


Figure 9 The Total Quality Management Activity in Malayan Railway

### 7.3.1 Senior Management Commitment in Quality Initiatives

For the success of TQM, senior management commitment and support is required in order to provide, 'firm, fair and humanistic leadership' (Fifteenth ASEAN Railway General Managers' Conference, 1993b:1) and to create a healthy environment in which quality can flourish. Despite the claim of extensive top management involvement in the TQM initiatives (KTMB Annual Report, 1993c), findings from this study suggest a lack of awareness on the part of senior management of their responsibilities in making quality happen. Several respondents (e.g. Middle Manager 1, Tape No.14; Trainer 3, Tape No.18) described the problem as a management dilemma, since senior managers appeared to want to retain the status quo and were reluctant to change their traditional management style to one suited to total quality management. Although the company

realised the need to empower the lower levels for quick decision-making with the aim of providing excellent service to customer, senior management still favoured and exercised the traditional bureaucratic way. As one manager described;

“We are conscious that decision making should go down as far as possible, people at the lower level need to be empowered...But the big problem (is) we are used to the traditional system where the boss will be consulted to make decision, where later the matter will be referred to the next upper level and so on...empowerment cannot be done if we cannot correct this mental block” (Middle Manager 1, Tape No.14).

This indicates that unless employees at the lower levels are given adequate training and managers openly empowered, decision-making will be based on the traditional system.

The second major element in TQM process is company-wide employee involvement.

### *7.3.2. Company-wide Employee Involvement*

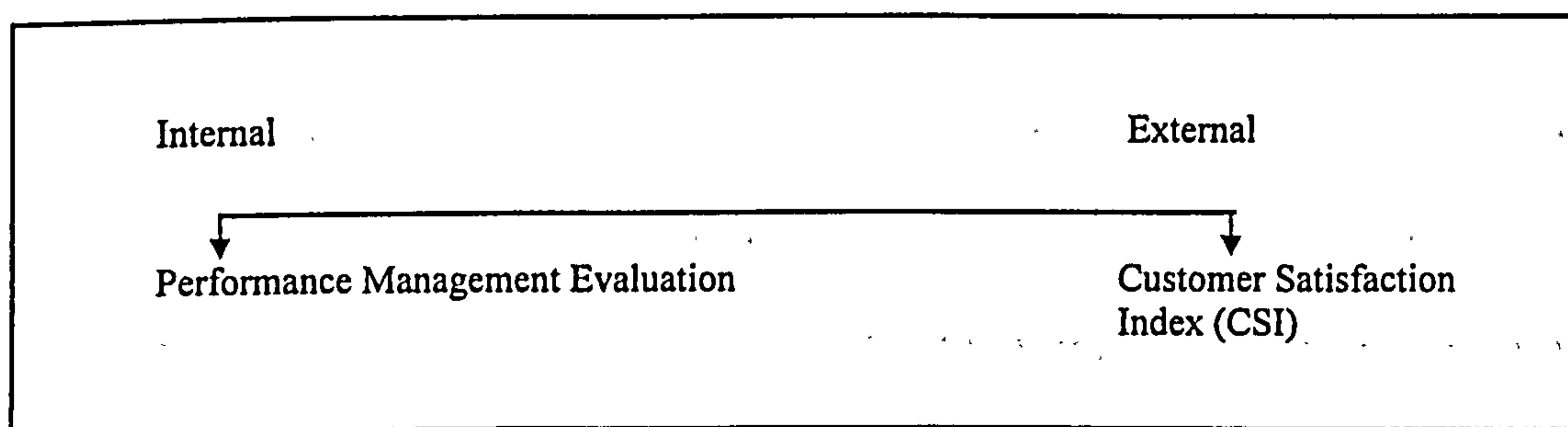
In implementing TQM, the company recognised the importance of creating awareness and full participation from the whole workforce. Without effective employee participation there could be no success. The process of spreading total quality awareness involved propagating quality slogans and messages in weekly notices, the monthly newsletter, posters and inter-departmental correspondence. The move to inculcate quality values led to the formation of TQM Councils for every department. The departmental TQM Councils were responsible for formulating their own organisational and operational objectives. For example, the TQM objective for Mechanical and Electrical Engineering department was to, ‘produce a high quality product efficiently’ while the Traffic Operation department has the TQM objective of striving, ‘to provide efficient train services by utilising the asset to the maximum to provide for the customer needs’ (Fifteenth ASEAN Railway General Managers’ Conference, 1993b:2-3). Thus, every department strived to achieve



the targeted objectives towards attaining the ultimate TQM goals for the company. In spite of this effort to promote company-wide quality commitment, findings from this research revealed that the quality message was ineffectively spread. The heavy emphasis on inculcating quality knowledge was skewed to the frontliner staff, for instance, station managers, conductors and ticketing counters, where extensive quality training was given. For the rest of the workforce, minimal training was provided. This was partly due to the company's financial constraints. TQM also needs effective measurement and control systems.

### 7.3.3 Measurement and Control Systems

The third major element considered important by this study when implementing TQM is the application of systematic measurement and control techniques. In assessing quality, the company developed specific standard measurements to evaluate the existing performance against the stated objectives. *Figure 10* below shows the measurement systems that have been introduced, namely Performance Management Evaluation to evaluate internal activity and Customer Satisfaction Index (CSI) to assess external customers' expectation and satisfaction.



**Figure 10 Measurement and Control Systems in MR**

Performance Management Evaluation basically stressed personal accountability where individuals were given result-oriented goals which were to be assessed against yearly performance. This led to the identification of individual requirements for certain skills. This was used as part of the evaluation of training needs by the Head of Departments (HODs). The external evaluation was based on the Customer Satisfaction Index (CSI). This CSI survey compared customers' expectation against the level of services provided by KTMB. Questionnaires were distributed to train commuters to assess some important attributes deemed important to satisfy customers, for example, ticket counter service, physical outlook and ambience at train station, and the train journey itself. Although there was performance improvement compared to the previous status (described in Section 7.3.6), further progression towards meeting customers' expectation is needed by the company. This was expressed by one manager;

"We have done surveys on customers' satisfaction and there is still gaps between what we serve and what the customers' expect. We still need to work hard to fulfil that expectation and it needs a lot of investment" (Middle Manager 2, Tape No. 15).

Performance improvement was therefore needed by the company. This is linked inextricably to a customer/supplier focus.

#### *7.3.4 Customer/Supplier Focus*

An important corollary of privatisation was the realisation that customer satisfaction was the major focus of the company. Being convinced that customer orientation was the key to the company's success in achieving its quality improvement goals, management was determined to enhance the level of quality service performance. This was shown through

the establishment of the company's new mission where meeting and exceeding the needs of internal and external customers was a priority. For the internal customer, a periodical survey was conducted to assess employees' perception on departmental and company's goals, working environment, morale, responsibility and commitment towards work. While customer orientation was clearly stressed in the company, it was difficult to find any evidence that a similar emphasis was given towards its suppliers.

### *7.3.5 Continuous Improvement*

An essential element in TQM is continuous improvement. Progress towards TQM in the company was slow, although the early quality initiatives yielded some positive results (see Section 7.3.6). Although the company acknowledged that TQM was a continuous process in anticipating, meeting, and exceeding customers' demands, in practice, fieldwork findings showed that the company lacked long-term quality planning to facilitate continuous improvement. Due to inadequate long-term planning, some Quality Circle teams failed to gain the expected response and failed to operate effectively. For instance, the company's TQM Report (1993b) noted that although in the beginning there were as many as 70 Quality Control Circles formed, only about 30% of them continue to function actively at the time the research was undertaken. This indicated a possible lack of support of the continuous process of quality planning from management.

### *7.3.6 Education and Training*

In achieving the quality objectives, the company realised the importance of training for its employees in total quality knowledge and skills. It was expressed in one report that



training and development had continued to receive significant attention since 1993 (Seventeenth ASEAN Railway General Managers' Conference, 1995a). Besides internal trainers, outside consultants were sometimes invited to conduct management courses. In some cases, selected staff were sent abroad to acquire new knowledge and skills with other established international rail companies. In line with the corporatisation effort, the company realised that training and education could assist in changing from the old to the new culture where employees were given the opportunity to enhance their values and be fully committed to providing excellent service to the rail users. Training was one major tool which could communicate quality messages effectively throughout the organisation. The quality programmes conducted were intended to inculcate the culture of putting the customer first. They included those mentioned earlier; Service Plus Programme, Quality At Work, Quality Customer Service and Excellent Service. These programme brought about some performance improvement. In 1993, number of public complaints received had decreased, punctuality increase by 7% compared to 1992, reduced queuing time at ticket counters, derailment reduced by 14% compared to 1992 (KTMB Jajaran, 1994a). Other activities carried out by the company included seminars, displaying quality posters and slogans, and the publishing of quality messages in the weekly bulletin aimed at creating awareness on the importance of quality. This was all supported by a series of quality training programmes implemented for managers in the company.

#### **7.4 Service Excellence: An example of a Quality Programme for Managers**

The Service Excellence programme was first introduced in 1994 as a result of privatisation. This programme was chosen to be an exemplar for investigating the

company's common training practice because this programme was targeted at all station managers and was introduced at the time this study was undertaken. This programme was initiated because the company realised that its revenue depended upon the quality of service rendered to the customers. The Customer Satisfaction Index of Rail Passengers Report (1995b) states;

"Both passenger and freight services of railways are important contributors to revenue...The demand for excellent railway service will exert considerable influence on both the passenger and freight divisions to provide the services par excellence" (Seventeenth ASEAN Railway General Managers' Conference, 1995b:1).

Based on this conviction, the company deliberately sought ways to fulfil the customers' expectation. Training was one of the strategies to attain the target quality service improvement. As quoted by one senior manager;

"over the years, our quality service has been deteriorating. We know there is a gap between what the customers expect and what we provide, especially in the critical issues of punctuality and speed. So, we did measure our performance through Customer Satisfaction Index (CSI),...now we are trying to get everybody to be trained, especially the managers and other frontliners staff in Service Excellence " (Senior Manager 2, Tape No.13).

The outcome of the CSI Report led the Service Excellence programme to be launched in 1994. The five-day programme commenced with acquainting participants with the company's mission and the elements that made up the corporate culture. Aimed at all first-line managers/supervisors who were directly involved with the external customers, the programme was to develop the necessary total quality skills and knowledge needed. In addition to imparting knowledge and skills to improve management practice, the programme also contained an overview of the role and responsibilities of a line manager/supervisor and his subordinates in areas such as communications, counselling, coaching, motivation, and creativity. The programme then focused on enhancing



interpersonal skills for image and teambuilding, and customer service relations. For this purpose, participants were exposed to subjects ranging from the service management concept, customer service and care, human behaviour, interpersonal skills, and teamwork to building corporate and individual reputation. To encapsulate the holistic concept of rendering excellent service, the final part of the programme discussed the Passenger Charter. This topic dealt with the *'real situation'* and techniques in managing people, and handling specific situation and crises. The programme had about 25 participants on the session was conducted by an internal trainer. Taking this Service Excellence programme as an example, it is clear that training for total quality in Malayan Railway took place within a context derived from both policy and practice within the company.

### **7.5 The Context of Training in MR: The Service Excellence Programme**

This section discusses the issues surrounding training practice with regards to initiating the Service Excellence programme for managers. The following areas will be analysed: factors influencing training provision; the process of performing training needs analysis; aspects of designing the programme; the implementation process; and the process of evaluating training effectiveness. The discussion begins by identifying the role of the training function in relation to implementing total quality training.

#### ***7.5.1 The MR's Training Function Role in Implementing Total Quality Training***

The role of the training function in Malayan Railway has evolved significantly following the privatisation in 1992. This shift accelerated the implementation of quality initiatives giving momentum towards excellent customer service. With the organisation's intention



to, "increase profitability, business effectiveness, employee performance, customer satisfaction and total quality" (Seventeenth ASEAN Railway General Managers' Conference, 1995a:3), it was stressed that training was a vital strategy aimed at achieving the company's underlying purpose. One senior manager expressed concern on the need for training the workforce;

"we view training as an intervention strategy in the human development process. Of course we also need it to upgrade skills. We design training specifically to address both the short term and long term needs of the organisation" (Senior Manager 1, Tape No.12).

This training function was recognised as one crucial mechanism in the company's endeavour towards success. In Malayan Railway, the training function rested with the Training Centre. With a capacity of about thirty staff including thirteen full-time trainers, the Centre was headed by a Training Manager, who reported directly to the Director of Human Resource Division in the organisational structure. Working together with other Divisions such as Engineering, Marketing, and Finance, the Human Resource Division was formed to support the functional strategies in creating a quality workforce. Stated in its objectives, the Division was to, "procure, retain and develop human resource towards motivating work excellence in accordance with corporate goals" (Fifteenth ASEAN Railway General Managers' Conference, 1993a:2). The Training Centre was mainly responsible for carrying out programmes to promote, develop and upgrade the skills of employees, with the guidance of the company's training policy and training mission which stated as to, "strive to develop employees to their full potential and enhance their skills to enable them to make full contribution to KTMB's objectives" (KTMB Training Centre, 1994b:2). It has been established, therefore, that training is a significant factor in supporting the introduction of

TQM. In Chapter Five the key elements in successful training for total quality were identified. The process of training in Malayan Railway will now be compared to those key elements using, where appropriate, the Service Excellence programme as an example. The analysis begins with the involvement of senior managers in training.

Factors Influencing Training Provision	Senior Manager 2	Middle Manager 1
Senior management support in training function	Definitely, there is support from senior management, especially after privatisation, it is clear that training needs proper function and support.	Yes, there is commitment and support from the top. Training Centre receives direction from the senior management in terms of training policy and guidelines.
Middle and line management involvement in training function	The middle managers occasionally participate as speakers particularly in the discipline of their expertise. They also provide input on skills needed by their subordinates.	Our current evaluation procedure is deficient. We must monitor, and this is the role of the middle and line managers in the training function.
Training resources/facilities	Because the Centre was built 23 years ago and has never been through any major renovations, we admit the existing facilities are deficient.	The existing facilities here are inadequate to barely meet the current rail development expansion.

**Table:1 Summary of evidence about factors influencing training provision in MR**

#### 7.5.1.1 *The Senior Management Role in Quality Training Function*

The most obvious support from senior management for training was in terms of drawing up guidelines and established direction of training and development of human resource and monitoring training activities in the organisation. To illustrate senior management commitment towards training, one manager said;

"Yes, there is commitment and support from the top. Training Centre receives direction from the senior management in terms of training policy and guidelines. They also provide the perspectives it should be focusing on, what the current emphasis and the employees' needs and requirements" (Middle Manager 1, Tape No.14).



Another described the senior management role this way;

"Definitely there is support from the senior management. Especially after corporatisation, it is clear that training needs proper function and support. Besides giving direction, the senior management outlines the training policies, guidance, discussing and approving programmes, delivering keynote address during opening or closing of a training session and above all, they are invited as speakers occasionally" (Senior Manager 2, Tape No.13).

These assertions indicated that senior management involvement was to ensure that the training strategy reflected the company's mission. Although there was clear direction from the senior management in terms of training policies, guidelines and approving training programmes, they were less involved personally in the training events except opening and closing training session or occasionally to be invited as speakers.

#### *7.5.1.2 The Middle and Line Management Role in Quality Training Function*

The summary of interviews in Table:1 showed that the level of support for the training function from the middle and line managers in Malayan Railway was minimal.

Commenting on this matter, one senior manager said;

"the middle managers occasionally participate as speakers particularly in the discipline of their expertise. They also provide input on skills needed by their subordinates, and discuss the kind of training needed. In terms of the line managers, their involvement confined to identifying candidates for training" (Senior Manager 2, Tape No.13).

To an extent, the minimal contribution of both the middle and line managers may be due to the size of the groups for whom they are responsible;

"we would like the middle and line managers to know the kind of training received by their subordinates and follow the trainees through to the workplace. This is an ideal situation, but, in practice it may be difficult because some managers have a large number of staffs under them and in addition they themselves have tight work schedules" (Senior Manager 2, Tape No.13).



Another manager said;

"Our current evaluation procedure is deficient. We must monitor, and this is the role of the middle and line managers in the training function. In fact, training should be supported at all levels, and, of course, the middle and line managers should themselves involve in the role of coaching" (Middle Manager 1, Tape No.14).

Thus there was significantly less involvement from the middle and line managers than there was from their senior colleagues. Thus, they only provided limited support, which partly was due to their lack of awareness of their responsibility in this direction but, more importantly because of the absence of a detailed formal scheme outlining what was expected from them. Their role in monitoring, coaching and evaluating of trainees, was seen by one senior manager as that, "one important area which we are now seriously working on" (Senior Manager 2, Tape No.13).

As well as commitment and support from various managerial levels, the provision of adequate logistics/facilities for effective training is important. Malayan Railway has a Training Centre. This has been in operation since 1975. It has a two-storey administrative and classroom block, a three-storey hostel, a workshop block, and two small demonstration yards. The administrative and classroom block consisted of an administration office, ten classrooms, a conference room and an all-purpose theatre. Also forming part of the Centre was a three-storey hostel and a workshop block equipped with tools and equipment for Trade Apprenticeship training, while the signal demonstration and permanent way yard made up the two demonstration yards. This was an ideal training centre two decades ago but it was no longer suitable and lacked modern technology. It could not cope with the increasing need for training resulting from the

drastic changes the organisation faced. Interviews and personal observation confirmed that the condition of the Training Centre did not match the existing and future needs of the organisation. One senior manager argued that;

"Because the Centre was built about twenty-three years ago and has never been through any major renovations since, we admit that the existing infrastructure and facilities are deficient and inappropriate with our pace of modernising the nation's railway system" (Senior Manager 2, Tape No.13).

A similar picture was portrayed by another manager;

"The existing facilities here are inadequate to barely meet the current rail development expansion, and some of the equipment is obsolete. Therefore, the management have decided to construct a new training centre which is now underway, to be equipped with modern state of the art-training facilities. The new training centre to be situated on a new site not far from the present one, is also earmarked to be the Railways Centre for Excellence for South-East Asian Countries" (Middle Manager 1, Tape No.14).

Observation of one training programme showed that, although attempts were made to create a room conducive for learning with satisfactory ventilation, lighting, air-conditioning, the size of the room and furniture arrangement seemed less comfortable. The room was inadequate to accommodate the class size of twenty-five. The fact that the organisation itself was starved of finance during its first 25 years meant that the Centre was similarly treated. It can therefore be concluded that better logistics/facilities are needed to create a more conducive learning environment. During the course, lectures, role play, case presentation and handouts were all used in the process of delivering, supported by video tapes, OHP and a flip chart. A standardised training manual was used to ensure uniformity across courses.

"There is uniformity in material provided, but delivering depends very much on individuals. Trainers are equipped with the related knowledge and skills to train others, besides, they possess vast experiences" (Trainer 2, Tape 17).



Despite the fact that there were variations in presentation, in terms of programme contents and objectives this was less likely to be affected.

### 7.5.2 The Training Needs Analysis

One of the most important steps in training is the need to perform a systematic and comprehensive needs analysis which serves basic framework for the succeeding steps of training activities (see Chapter Five). Table:2 summarises the evidence on the company's analysing training needs.

Principles of TNA	Trainer 1	Trainer 2	Trainer 3
Perform TNA	What we do is that, we don't have an elaborate system of conducting TNA. The process involved setting up questionnaires for HODs.	We do that, and the input came from different departments.	Yes, we do TNA, but in my opinion it's not enough because TNA being done only through meeting, and not thorough study
How TNA done	We set out questionnaires to head of departments and ask them what they require.	We liaise with head of departments ask them what the requirements for their staff.	We get input from various departments.
Committee/body assign	No, we don't have this exercise.	We have a Training Council. They tell us and we depend on their requirements.	No, we do have a Training Council that make major policies, but not on this.

**Table:2 Summary of evidence about training needs analysis in MR**

These findings indicate that although the company recognised the importance of having a systematic training needs analysis (TNA), the company practice on this was far from ideal. The view of one trainer can best be summarised as;



We don't have a very elaborate system of conducting TNA. The process only involved setting up questionnaires for the respective head of departments (HOD) and asking them what they require, who needs training and what skills do they lack. They (HOD) would conduct meeting on the matter. From my point of view, this is not very professional, only a few of them are really committed and provide a thorough feedback on the requirements of their departments. The trainers here have attended Train-the-Trainer course but needless to say, we neglect performing TNA properly which could have been more in-depth. That is why we are sending someone to be trained in TNA and hopefully, we'll have a more systematic way of doing it (Trainer 1, Tape No.16).

This implied that TNA within the company tended to be less comprehensive and less formal, where information was largely dependent on those heads of department who were involved. This somewhat unprofessional approach to assessing training needs raises the question as to whether the HODs have the expertise to conduct TNA and whether their assessment covered all aspects of information required. One trainer questioned the capability of HODs and the way needs assessment was carried out in the company;

"Yes, we do TNA, but in my opinion it's not enough, because TNA is only done through meetings and not a thorough study, attended by HODs who don't really know what's the priority of the current company's needs. It's only through their perceptions and not the real need of their employees. I really believe that TNA should involved the line managers who know better what their employees need" (Trainer 3, Tape No.18).

This suggests that lack of expertise in TNA may have resulted in the practice being less effective, especially as there was no official committee assigned to take responsibility for TNA. For example, one trainer explained;

"No, we don't have a special committee to exercise this. What we have is the Training Council that make major training policies but not on this. We received input from different head of departments, we depend on their requirements, we find out what their staff need and from there we formulate the programme" (Trainer 3, Tape No.18).

This was further supported from a training report which detailed the role of the HODs as being to diagnose the departmental needs and to appraise employee performance in terms of the company's business plan and objectives (KTMB Training Centre, 1994b).

However, since TNA required expertise, the common practice was found to be deficient to deliver adequate information of the company's training needs. The following stage involves examining the extent of the process of designing the Service Excellence programme.

### 7.5.3 Designing the Programme

The next activity to consider is the process of designing and piloting the programme.

Table:3 summarises the findings from interviews on this process with three trainers.

Principles of Designing	Trainer 1	Trainer 2	Trainer 3
How design	We actually design individually.	The Human Resource Division commissioned us to design the programme.	We were trained from various sources and this formed as foundation of our exercise.
Committee or board to design	No, we don't have this exercise.	We are responsible individually. We don't have a collaborate of effort.	No, each trainer has its own approach of designing.
Modify programme to suit current need	After each session we've course feedback. We will find out how we can improve the course.	Yes, every year through evaluation forms received from trainees.	We will modify according to situation.
Pilot testing	No, we don't do that formally.	After every chapter we have a small test at the end of the session.	No, when we think of that, it does cost alot of money.

**Table:3 Summary of evidence about the process of designing in MR**

The responses indicate that the trainers are solely responsible for designing the programme. This practice was reflected by one trainer who underlined that;

"We (trainers) were trained from various sources and this formed as foundation of our exercise. From the outcome of the TNA input from various departments, we then analysed and devised the appropriate programme individually according to our area of specialisation and tailored the subject to the target group" (Trainer 3, Tape No.18).



To the same question, another trainer said;

"the Human Resource Division as our internal customer, commissioned us to design the appropriate programme based on specific requirements set by the Division such as course objectives, the course content according to the target group, and methodology. We then formulate the programme, and thereafter, submitted for their approval before the product is rolled-out" (Trainer 2, Tape No.17).

These statements suggested that although the task of programme design rested with the individual trainers within their spheres of expertise, the Human Resource Division personnel were responsible for monitoring the standards and validity of the programmes in relation to the departmental requirements and endorsing. Thus, there was clear responsibility of trainers pertaining to designing, but they had less control over validating the programme. On a question regarding the compatibility of the existing programme with current demand, evidence from the three trainers suggested there was indeed continuous effort to revamp to fit the needs. For example, one trainer saw the process as;

"After every session, we have course feedback and also discussions with the trainees. We find out from them what they've learned through the course, what is lacking in the course, or how can we improve the course for effectiveness. In addition, each course has its own trainer who will then assess on the overall running of the particular course" (Trainer 1, Tape No.16).

This implied that trainers were concerned about the content meeting the current needs of the organisation and the participants in enhancing programme effectiveness. However, when asked about piloting the programme, two of the respondents indicated its non-existent, although another provided somewhat a different view.

"Normally, after design, we implement straight away, because we're lacking expertise to pilot test our programme. So, what we did was, we rolled-out the programme and the trainees give us the feedback" (Trainer 1, Tape No.16).

On the other hand, another trainer noted;

"After every chapter during training session, we have a small test and at the end of the session we conduct a survey for several reasons. Firstly, to find out whether they really understand the subject. Secondly, we've to change the way we deliver so that



it's more effective to the target group, so much so that you assume this people understand" (Trainer 2, Tape No.17).

What emerged from these interviews indicated that formal piloting of the programme was not seen important to the company, although a less formal one was carried out at the initiative of individual trainer. Thus, the validity of the programme content in terms of whether the implementation is really justified to meet the requirements of the target group to which the programme was initially imposed is questionable.

#### 7.5.4 Implementing the Service Excellence Programme

The next major stage of training practice was to investigate how the programme was implemented. This is directly related to learning effectiveness and in turn, to overall training practice. The issues to be discussed are: process of selecting participants, and the nature of delivering the programme.

Implementing the Programme	Trainer 1	Trainer 2	Trainer 3
Selection of trainees	There is a general notice about the upcoming training programmes. The line managers go through and nominate names to Training Centre.	Names will be nominated by regional managers and HODs.	Its by line managers. We write to them and request each line manager to send a certain number of trainees.
Trainers qualifications	For technical training they're expert in subject matter. For management we're still lacking.	In total quality, as far as we are concern, we have all the experience based on our long service with this company.	For technical trainers, they're well-qualified. But for management courses, our trainers are not prepared.
Uniformity in delivering	There are variations in presentation.	There is uniformity in material provided, but delivering depends very much on individuals.	We use standard material to ensure uniformity.

**Table:4 Summary of evidence about implementation process in MR**

Summary of interview findings in Table:4 reveals that generally the selection of candidates rested with the line and regional managers and head of departments. As one trainer said;

"There is a general notice about the oncoming training programmes published two to three weeks before the course in a weekly notice bulletin. The bulletin was made available to all line managers and head of departments who then identify the suitable candidates to the course. They (line managers and head of departments) will then nominate the names of the selected candidates to the Training Centre, and if there were too many candidates, the Centre will have the final say" (Trainer 1, Tape No.16).

To the same question, another trainer replied that;

"It's by line managers. We write to them and request each line manager to send certain number of trainees. They select and bring the participants" (Trainer 3, Tape No.18).

The initial procedure commenced with the advertisement of the monthly training programme schedule in the company's weekly notice bulletin. From there, managers and head of departments would make the appropriate selection and nominate the names of their subordinates to the Training Centre. However, the Training Centre would occasionally become involved in the selection process should the number of candidates received exceeded the quota. As one trainer pointed out;

"If the number of candidates received exceeded, then we select the names and at the same time we liaise with the respective line managers. We look at the job and at the priority wise is, maybe the executive first and then other staff" (Trainer 1, Tape No.16).

The criteria to determine this was based solely on the nominees current position and job responsibilities. In spite of this, few trainers expressed dissatisfaction from their experience with the procedure of selection. One trainer commented that;

"We sometimes receive a set of trainees who vary in terms of ability and experience. This is one problem faced by the deliverers. In some cases it was found that the bosses sent in inappropriate candidates for a particular course, this is a waste of time and money invested" (Trainer 1, Tape No.16).

Another trainer added;

"There are people coming to the course found to be inappropriate, they have no knowledge and skills related to the courses attended. Sometimes people are sent here because they have not been on any training courses before, it's just for the sake of sending and filling the quota" (Trainer 3, Tape No.18).

This indicates that the process of selecting the candidates was not effective, thus requiring a more systematic procedure to determine appropriate candidates on the course. In addition to that, the practice of pre-briefing following selection of candidates was non-existent. This implied that management was not aware of its importance. On a question about trainers' qualifications, responses summarised in Table:4 reveal that unlike technical training, management training was given a low priority. This was illustrated by one trainer who responded that;

"I think for technical trainers, they are well-qualified and expert in the subject matter. But for as far as management training is concerned our trainers are not prepared. They go for very few training courses and even that, it's insufficient. So, we have to depend on external consultant sometimes"(Trainer 1, Tape No.16).

This remark suggested that considerable attention was clearly needed by management in order to overcome the inadequacy and incapability of trainers if management training is to be the central focus in the company.

#### *7.5.5 The Evaluation of the Service Excellence programme*

The fifth important element in achieving an effective training practice is to evaluate the programme. Table:5 summarises the evidence of fieldwork findings from three



respondents on this.

Principles of Evaluation	Senior Manager 1	Middle Manager 1	Trainer 2
Formalised method of evaluation	Yes, we have an evaluation form for the trainees.	The only thing we have is the feedback sheet at the end of the course.	The evaluation firstly, is the feedback form from the trainees and survey on learning input.
Standard method to evaluate	Yes, we use a standard form.	Yes, there's a form for all trainees to evaluate.	Yes, we use specific form. Every facilitator got to formulate percentage of all the questions.
Outcome of result	The report will be brought to a committee headed by the Training Manager. A plan of action will be drawn to improve training.	A report will be prepared for the Training Manager, where discussion by a committee to amend changes if necessary.	The Training Manager will look into and discuss the report in an ad-hoc committee.
Training programme achieves its objectives	Generally, yes, it met. Frankly, we receive some comment from trainees. They see the importance of customers.	There definitely improvement. But there still need a lot of improvement.	Partly there is positive effect. Without this course trainees will not understand the importance of customer service.
Training programme achieves organisational objectives	We can see some improvement. We can see in the performance they do, they've show enthusiasm.	I think we still need to do a lot, to change the government mentality to a corporate culture.	What is of concern now is, people need to change the way they think about KTMB.

**Table:5 Summary of evidence on evaluation process in MR**

As Table:5 shows, the responses revealed that evaluation was by means of a form given to participants at the end of the session. The form asked about the trainees' perception of the overall course content, the effectiveness of the trainer, the methodology used and the general aspects of the course management.

"The only means of evaluation we have is the feedback sheet given to trainees at the end of the course. You give them a form, they fill-up and evaluate the trainer, the course content, accommodation, atmosphere of training and etc. Next the course trainer will prepare another format and present it to the Training Manager." (Middle Manager 1, Tape No.14).

Similarly, one trainer explained the procedure as;

"The evaluation we have is based on the feedback form we received from the trainees at the end of the training session. We give the evaluation form to everyone. Then the trainer as well put their remark on how training is to be improved. Each trainer/facilitator has got to formulate the percentage of all comments and hand it over to our Training Manager" (Trainer 2, Tape No.17).

These descriptions indicated that evaluating training in the company had two parts; the feedback received based on trainees' perceptions about the course and a report on training effectiveness prepared by the trainer based on the input received from the trainees evaluation as well as his own assessment of the course. The feedback from trainees and trainer was then submitted to the Training Manager. A plan of action was drawn from there which was decided by an ad-hoc committee headed by the Training Manager himself. This practice showed the company's recognition of the importance of evaluation during training. However, this was not the case for post-training evaluation in the work context. As one senior manager pointed out;

"When training is completed, we carry out evaluation. Then we analyse the evaluation to see how effective the training has been with regards to meeting its objectives which we outlined. But, what we normally don't do, which I feel we must do, is to follow these trainees to the ground, and see whether he is applying and whether has he improved. This is one weakness" (Senior Manager 2, Tape No.13).

Although the significance of post-training evaluation in determining the extent of training effectiveness was acknowledged by this senior manager, the same was not true of senior management. Thus, involving line managers in particular, to reinforce evaluation on their subordinates after training was not seen as important by the management. When asked about the extent of the programme's objectives achievement, responses tended to show positive outcomes from the course (see Table:5). One trainer replied that;



"Yes, the programme partly had brought positive effects. Without it participants will not understand the importance of customer service in the rail-business. But again, maybe they get some idea. Their eyes are open now, they get exposure, but how they use it, that goes back to their attitudes. But, I found they understand something now than before. Another thing is, the manager himself, whether he co-operates and helps implement something" (Trainer 2, Tape No.17).

Similarly, one manager provided a positive outcome of the course;

"There is definitely improvement, but there still need a lot of improvement. A few days course will not make you change your attitudes towards job. From my personal observation at the train station, I saw changes in managers' attitudes especially the way they communicate and handle things seem to be professional. But, still there is a lot of room for improvement" (Middle Manager 1, Tape No.14).

Clearly, then, the difficulty of changing attitudes and behaviour by short courses is recognised. Improvements are being made but there is still some way to go in this regard.

On the question as to whether the programme meets the organisational objectives, opinions are, at best, equivocal. One respondent trainer replied that;

"It is difficult to say. We had make no measurement on the trainees' performance at the work place. Personally, I feel there should be some form of checking on this. Otherwise we cannot tell the weaknesses in the system. Besides this, what is of concern now is, people need to change the way they think about KTMB" (Trainer 2, Tape No.17).

Another manager provided the impact from training this way;

"The purpose of training is to achieve organisational mission. To certain extent, there is change, everybody is now aware of the new work culture and working towards the mission. But we still need to do a lot, we have to do a lot to change the government mentality to a corporate culture, we still require better changes" (Middle Manager 1, Tape No.14).

These views suggested that although the organisation objectives were reflected in the training objectives, there was evidence to show that progress towards the company objectives was hampered by the management attitude of not recognising the significance of evaluating the trainees at the work place. Respondents also expressed views about the critical need for a new work culture to be embedded in every individual in the company.



### 7.5.6 Trainees' Perceptions of the Service Excellence Programme

This section considers opinion from the trainees' standpoint in order to determine whether the impartation of skills, knowledge and abilities were applicable to job setting and actually improve their performance. Table:6 provides a summary of evidence from the perceptions of two trainees.

Trainees' perceptions of the programme	Trainee 1	Trainee 2
Training programme increase self-awareness and motivation	The course could be more effective if it focus on current problem.	The five-day course involved a lot of conceptual ideas.
Provide opportunities to learn and influence his work	To some extent, yes. But, KTMB need to upgrade alot of services to its customers.	Now, I feel I need to improve my performance.
Apply to job setting	We're told to be customer friendly, that is, to always do our best to make customer satisfy.	It will be more effective if the course is extended and relate to rail aspects.
Training achieves its objectives	Partly, it increases our awareness. But, there are more that we need to know but was not taught.	We need to understand more on practical aspects so that this can be applied to our job.
Prepare for external Change	It depends on individuals. There are some people who do their jobs 'the old ways'.	Yes, now I feel I have some knowledge about how to react to customers' needs.
Consider for future Challenge	Yes, we learn that positive attitude is important.	Yes, we are aware of the need to change, but the question is how to do it the right way.
Contribution to Organisational success	When we improve, in a way it contributes to KTMB. I think we could do better if everybody is committed to TQM.	Yes, now I realise the importance of customer service. Lately, there's slight improvement. To me, if we don't practice what we learn, then it will be useless.

**Table:6 Summary about trainees' perceptions of the programme in MR**

Responses provided by these two trainees indicate limited satisfaction with the course when asked about the programme effectiveness in terms of increasing self-awareness and motivation. One trainee commented;

"The course could be more effective if consideration is given to the intended participants and the current problems that we are now facing" (Trainee 1, Tape No.19).

Another trainee commented on the programme in this way;

"The five-day course involved a lot of conceptual ideas. They should have taught more of hands-on experience, and more on practical skills linking to rail business" (Trainee 2, Tape No.20).

These comments show that the programme was far less effective in meeting the requirements of the target group. The programme, which tended to focus more on theoretical rather than practical aspects, may need formal piloting in order to achieve the requirements of the target audience. Further, course design may need to be based on more effective TNA. However, when asked about whether this programme had brought about opportunity for trainees to learn and improve themselves, one trainee said;

"Before attending this course, I have not realised the importance of providing excellence service. But now, I feel I need to improve my performance as well as giving confidence to the public" (Trainee 2, Tape No.20).

This indicates that the programme appeared to have established a favourable attitude for trainees about performing at a level expected by customers. Another trainee expressed his perception differently;

"Yes, they taught us to fully utilise the limited resources available, and we have to put a lot of effort to please customers. But, the problem is that, the company needs to upgrade a lot of its services to customers; e.g., better coaches, better facilities at train stations, reduce train delays, in which all these are beyond our control" (Trainer 1, Tape No.19).

What emerged from this comment was that, although training had made the trainees realise the importance of providing better service within customers' expectation, this initiative seemed to be hampered by the inadequacy of train facilities. In determining the extent to which transfer of learning has taken place, evidence gathered from trainees suggested their inclination towards a more positive attitude. One trainee mentioned the imperative of customer focus;

"We are told to be more customer friendly, that is, to always do our best to make them satisfy. We need to strive to meet their needs, and make them use again our services" (Trainee 1, Tape No. Tape No.19).

However, another trainee commented;

"It will be more effective if the course is extended and relates to rail aspects. We should be taught of how to deal with this professionally" (Trainee 2, Tape No.20).

This indicates that although the course had managed to inculcate quality awareness, trainees were less clear on the application of this theoretical knowledge to the workplace.

Thus, content validity is important if the programme is to be more effective.

This suggestion was further supported when asked about content relevancy in relation to preparing the participants to anticipate external changes. One trainee commented on the need to relate training to the practicality of the rail business;

"There are too many things we need to learn besides human behaviour, customer attitude, interpersonal skills and teamwork. This knowledge seems too theoretical. They (training providers) should relate more to our environment so that we could understand better on how to apply it best" (Trainee 2, Tape No.20).

To the same question, another trainee replied;

"It depends on individuals. If he is really motivated and practising positive attitudes, he will try to do his best most of the time. There are some people who do their jobs 'the old ways' " (Trainee 1, Tape No.19).

These comments implied that this programme was insufficiently related to practical aspects of work. In terms of the programme's contribution towards organisational success, both responses acknowledged the importance of the course for performance improvement. As one trainee said;

"When we improve in a way it contributes to KTMB. Personally, I think we could do better if everybody is committed to providing excellence service" (Trainee 1, Tape No.19).



Another trainee provided an encouraging view of the programme;

"Yes, now I realise the importance of customer service. And I see lately, there is improvement. To me, if we don't practice what we learned, then it will be useless" (Trainee 2, Tape No.20).

This suggested that although performance improvement was less pronounced, there are indication that positive attitudes result from the training course.

#### **7.6 Conclusion From the Malayan Railway Case Study Findings**

The evidence in this case study supports the assertion that training in total quality should be carried out systematically in order successfully to support TQM implementation. This case study provides evidence that privatisation became the major trigger for this company to change in order to become more competitive and more customer focused. What this study found was that TQM has been adopted as one strategic tool in assisting the company to transform its culture and structure. Structurally, the implementation of total quality initiatives led the company to be divided into three strategic business units in order to be more customer focused. Culturally, the company needs to move away from the traditional bureaucratic mentality to those of commercially based practice. There was also clear evidence that such changes resulting from privatisation have affected the need for change in the pattern of management which inevitably necessitated managerial development in the new corporation.

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**Figure 11**

**Features observed in the Malayan Railway case study that need to be incorporated in a model for better understanding on the development of an ideal practice of total quality training for managers.**

- more visible and continuous personal support is required from senior management especially in training events
  - line and middle management actively support in quality training function
  - systematic and comprehensive TNA is needed with involvement from other relevant personnel, for example, the trainers
  - formal pilot testing preceding the actual delivery of programme
  - systematic procedure in identifying and selecting trainees
  - pre-training/pre-briefing session to be carried out by line and middle management
  - formal planning and forecasting on trainers requirements and capabilities
  - trainers given the opportunity to continuously upgrade their knowledge and skills to keep abreast with the current development
  - adequate and conducive training resources/facilities
  - comprehensive post-training evaluation required to determine training effectiveness
- 

This case study supports the assertion that there has been a change in perception towards total quality training although this has yet to be practiced company-wide. Management training has now become imperative compared to the previous emphasis on technical training. It was also seen from this case study that there is a need to incorporate some elements of good training practice to improve the practice of management training in total quality in the company. These are summarised in *Figure 11*. This shows that more active support from line and middle managers, a more systematic TNA, a formal piloting of the programme, an improvement in training facilities and more effective post-training support and evaluation are essential if training in total quality is to reach the required standard and enable training to contribute to the achievement of company objectives.

## CHAPTER EIGHT

### MANAGEMENT TRAINING IN TOTAL QUALITY: TELEKOM MALAYSIA CASE STUDY

#### 8.0 Introduction

This chapter begins by reporting that until the 1970s, the Telecommunications Department in Malaysia had not changed radically although around this time it received an increasing demand for telephone subscriptions, as a result of rapid expansion in the population and industrial growth. It will be argued that the slow development in telecommunications led the organisation to be subject to public criticism particularly due to its inefficiency in service indicated by a large accumulated in number of registered unmet applications leading to long waiting lists for telephone installation, problems of over-billing, and poor customer service. In addition to that, the organisation's expenditure rose sharply against the revenues, thus resulting in deficits. Such escalation in total expenditure led the government to rely on foreign loans to finance the organisation. However, in the early 1980s, further increase in expenditure was caused by high operating costs, the rise of interest and depreciation charges, and the high cost of modernising the nation's telecommunications. This triggered the Government to find ways to resolve the problems. The Government saw privatisation as the best solution. This might not only relieve its financial burden, but could enable the company to operate in an efficient and profitable manner. The change in status accelerated the company's



move towards improving customer service besides forcing it to compete with new rivals in the business. Emphasis on cultural change through training in implementing TQM highlighted the need to develop managers, who in the company's belief, were responsible for bringing about this change.

### **8.1 Background Leading to the Privatisation of Telekom Malaysia**

The first telecommunications system in Peninsular Malaysia which incorporated both postal and telegraph services can be traced back to 1908, although the nation's telecommunications development was slow for nearly half a century (Jabatan Telekom Malaysia (JTM), Annual Report 1986). It was not until after independence in 1957 that development in telecommunications began to increase, especially when Jabatan Telekom Malaysia (JTM) was created with the merger of Telecommunication Departments of Peninsular Malaysia, with Telecommunication Departments of Sabah and Sarawak in East Malaysia, after these two states in the island of Borneo became part of Malaysia in 1963. However, during the early 1970s, as a result of the expansion in population, the company began to experience a rising demand for residential and business telephones. Despite this increase in demand, the company's performance did change radically. In 1970, there were 13,704 registered unmet applications, and by 1984, the number had reached 190,542, thus which created a long waiting list (Salim, 1991:385). In addition, JTM was also criticised for its inefficiency. For example, over-billing was common (Ramanadham, 1989:224). Besides the poor customer service performance, the company also could not produce enough revenue to finance its rising expenditure and had to rely on

foreign loans and domestic funds for its development. Expenditure rose sharply and was greater than the revenues gained. The deficits was (Ringgit Malaysia) RM\$8.8 million in 1971 and reached to over RM\$1.1 billion in 1984 (Salim, 1991:386). Several reasons were cited for this escalation in total expenditure. Economic depression, high cost of telecommunications development and modernisation, operating costs and the rise of interest and depreciation charges were all contributing factors (Salim, 1991; JTM Annual Report, 1986). Against this backdrop, the Government believed that privatisation was the best option to enhance JTM's efficiency and eliminate its deficits. In this regard, Ramanadham (1989) observes that;

"The move (to privatise JTM) was to enable the telecommunication services to be operated efficiently and profitably" (1989:224).

Privatising JTM therefore was seen by the Government as the most desirable way to enhance the company's quality of service and financial performance, and to relieve the administrative burden and expenditure of RM\$5.7 billion on annual interest payments, salary payments, pension obligations and public debts (Salleh and Salim, 1991:195).

### *8.1.1 The Process of Corporatising JTM*

The first stage of privatising began with the corporatisation of JTM in October 1984 (Telekom Malaysia, Proposal to The Ministry of Telecommunications, 1995). It became wholly owned by the government. The Telecommunication Services Act gazetted in 1985 enabled the constitution of a new company, Syarikat Telekom Malaysia (STM). The corporatisation of JTM was carried out such that the Telecommunications Department (Malaysia) would be turned into a government-owned corporation which would then sell



off selected functions to the private sector (Pirie, 1988). The five-year corporatisation period adopted by the government was to ensure that the company was prepared to become a fully privatised company. It was also to free, "the entity from the bureaucratic and financial constraints and provides it with greater flexibility to respond to changes in the market forces" (Naidu, 1988: 4-5).

On January 1, 1987, STM was incorporated under the Companies Act 1965 as a new telecommunications company. Following that, Jabatan Telekom Malaysia (JTM), was created and became a regulatory body for the telecommunication services. In the case of privatising the Malaysian Telecommunication Department, some analysts (e.g. Adam *et al.*, 1992; Vuylsteke, 1989) converge to the view that it followed the British privatisation experience. For instance, Vuylsteke (1989) observed that the;

"conversion from government department (Jabatan Telekom) to public limited company in view of public offering; those steps are similar to those applied in several British privatizations" (1989:94).

Similarly, Adam *et al.*, (1992) noted that;

"The specific stimulus for the nature and style of the privatization policy (in Malaysia) seems to have come from the UK, and... many of the decisions and methods have mirrored contemporaneous moves in the UK programme" (1992:226).

However, this study suggests that privatisation in Malaysia differed from that in Britain in several respects. For example, the initial stage of Malaysian privatisation programme commenced with corporatising the company for a five-year period before turning it into a fully private entity. Another distinction is that the British privatisation programme produced a massive delayering of the workforce by the privatised company. In Malaysia, as was shown in Chapter Two, the government put the obligation on newly-privatised



companies to retain the workforce who chose to transfer their services to these new companies. Moreover, the Malaysian Government retained a majority of the shares as in the case of Telekom Malaysia.

The next stage following corporatisation involved turning STM into a fully privatised company through selling of shares. In November 1990, the company was transformed into a new private entity with a new corporate name, 'Telekom Malaysia' (TM). However, despite the declared government's intention to transfer financial and administrative responsibility to the private sector, this flotation represented only partial divestiture as the Government still retained about 75% of the shares. This was intended, "to enable the Government to ensure that certain major decisions affecting the Company's operations are in line with national interests" (Telekom Malaysia, Proposal to the Ministry of Communications, 1995:5). In spite of the government's continuous influence in the company, what emerges from this study was that the Government's decision to privatise JTM was followed by radical changes both culturally and structurally. This will be discussed in the next section.

## **8.2 The Government Privatisation Initiative as an Impetus For Change**

This study shows that the privatisation initiative became the main trigger for JTM to undergo radical changes. Although the company remains the principal provider for telecommunication services and facilities in the country, and therefore was alleged to maintain its monopolistic position, privatisation brought about a new outlook toward competitive markets and the need to fulfil customers insistence on higher standards of

service and products. The advent of competitors like Celcom Malaysia, Binariang Telecommunications, Mobira Phone Company, caused Telekom Malaysia to lose about 10% of the telecommunications market (Senior Manager 2, Tape No.2). The company therefore sought to provide excellent quality service and to meet customer needs. In this respect, the management decided the organisation should be restructured making 'customer and market orientation' the primary focus (Telekom Malaysia, Annual Report 1990:9).

After corporatisation, the company started preparing to build its capability to operate a viable business and meet the needs of a rapidly growing and increasingly sophisticated telecommunications market locally and globally (Telekom Malaysia, Annual Report 1990). Among the early initiatives taken were the restructuring of the organisation, instituting a new Board of Directors, establishing a new corporate vision and mission, new logo, the formulation of corporate objectives and strategies and the decision to adopt TQM as part of the company's strategy to drive for efficiency. Privatisation opened up new market opportunities for the company to diversify its business in order to strengthen its financial performance (Telekom Malaysia, Proposal to The Ministry of Communication, 1995). For this reason, the company established several joint venture businesses at national and international levels (Telekom Malaysia, Annual Report 1993).

At the organisation level, the company was reorganised into three business units; Tel Co - for core business, New Co - for new ventures and Service Co - for support services.

Regarding the company's initiative of restructuring in order to become more responsive towards customers' and market needs, Mohd. Ali (1993) wrote;

"to accelerate the transformation process from a government agency to a commercial company, the organisation had to be restructured from a government department to a private limited company which is customer-oriented and market-driven" (1993:8).

Thus, privatisation necessitated restructuring to enable the company to become more responsive to customers and markets. Furthermore, the transformation from a government department to a commercial entity identified the need for the company to change culturally in the face of competition. This was stressed by the then Chairman of the company;

"To keep pace with the ever growing and changing needs, the organisation structure has been tuned from time to time to ensure its effectiveness. The emphasis on customer-focused development of services is entrenched in the corporate culture and has better placed the company to respond to varied customer needs" (Telekom Malaysia, Annual Report 1990:9).

This view is supported by an influential study (Telekom Malaysia, A proposal on Training Needs Analysis for Telekom Malaysia, 1991);

"The privatisation...has created yet another challenging role for the staff. It means that the staff has now to 'live up' to the expectation of the local shareholders, public and eventually foreign shareholders. The complacent attitude of the past has to be changed as quickly as possible to meet this new expectation" (1991:4).

This clearly indicated that the previous bureaucratic culture would no longer be tolerated in this company. The need for empowerment and speedy decision-making became imperative in the drive for excellent quality customer service. However, the process of cultural change in the company had its difficulties. For example, Salim (1991) wrote that;



"Enacting a cultural change among the employees will not be an easy transitional phase. Infusion of private sector work-ethics into the workforce is a necessary and delicate operation. This, the management has to grapple with..." (1991:404).

This, therefore, led the company to put heavy emphasis on developing managers who were to provide leadership and be responsible for implementing change in the organisation. Closely linked to this was the increased realisation of the importance of company-wide training and development in building an efficient workforce and instilling a total quality culture. The company clearly acknowledged the importance of continuous development of the workforce, especially the managers to nurture quality and expertise.

This was emphasised in the company's Annual Report (1990);

"Success in the vibrant telecommunications industry needs a workforce and a management team which is capable of meeting the challenges posed by the regulatory, corporate, market and technological environment...In order to keep pace with the rapid changes in the telecommunications industry, staff development and training was conducted intensively...The task of increasing productivity requires not only continuous training but also effective management and utilisation of human resources" (Telekom Malaysia, 1990:46-7).

Findings from fieldwork interviews (e.g. Senior Manager 1, Tape No.1; Middle Manager 1, Tape No.3) support the notion that the company's perception of training also changed. The focus on management training has replaced the previous emphasis which has been on technical training. The importance of developing managers in order to enable them efficiently to manage the organisation and to internalise quality culture was stressed by Said (1995). He wrote that, following privatisation, the company has;

"taken the move by giving training to managers and executives for the purpose of them training their subordinates, and the latter will then train their own subordinates" (1995:18).

This practice of cascade training illustrates the company's effort to spread the quality message throughout the organisation (see Section 8.4.2 of this Chapter). Thus,

privatisation became the main trigger for change in TM. To assist the process of structural and cultural change, TQM was adopted. Quality management training formed an important part of this strategy. Firstly, it was intended to inculcate a new quality culture; and secondly, to support the continuous development of the workforce to keep pace with the advances in telecommunications.

### **8.3 Quality Initiatives in TM and their Impact on Management Training**

The history of quality initiatives in Telekom Malaysia can be traced back to the early 1980s. These early quality initiatives commenced with the formation of small departmental quality circles focusing on technical aspects. These departmental quality circles however, were not made mandatory by the company and were formed on an ad-hoc basis. Thus, there was little attention given by management to their importance. It was following corporatisation in 1984 that the importance of quality began to be recognised company-wide. The first step towards this was the launching of the first Quality Convention to mark the company's recognition of and reward for employees' innovation and commitment to quality. This became an annual event in order to create the environment of quality awareness in the company. However, the quest for quality in Telekom Malaysia was renewed in the early decade of the 1990s when the company was fully privatised.

The initial challenges began with the deregulation in 1989 when the government issued licences to new companies (Section 8.2) to create a competitive environment. It was during this time that the company realised the importance of quality service, particularly



in meeting customer requirements and staying competitive. As one senior manager described the company's experience;

"In the past, in the old environment, we don't have to worry about quality or about customers because we're a monopoly. We just need to fulfil basic needs. But as deregulation and competition began in late 1980's, there was a lot of pressure to the business of the company...Previously, quality was not our priority, we did not see customer as an important factor, but the whole things are changing now, people, their thinking, culture and processes...and of course, quality begins with top management" (Senior Manager 2, Tape No.2).

This implied that in a state-owned monopoly, quality was not a priority. However, with the change in status leading to deregulation and competition, the company realised the importance of customers and quality service. Establishing new thinking for the employees about how things should be done now became a major management concern in the company. This focus on customers had made the issue of quality into a central theme for the company's success.

In 1992, a group of senior executives were sent by the company to Beijing for the World Symposium on Total Quality Management. The outcome from this Symposium led the company to realise that Quality was the major thrust to forge ahead. Following this, a Total Customer Satisfaction (TCS) Working Group was formed in June 1993 with the aim of operationalising Total Customer Satisfaction (TCS) programmes. The TCS Working Group constructed the company's interpretation of TQM which was summarised by seven Core Values. There are; the importance of leadership, the customer comes first, all work is part of the process, suppliers are an integral part of our business, quality happens through people, emphasis on prevention rather than inspection, and quality improvement never ends. A division called the Quality Management and Control



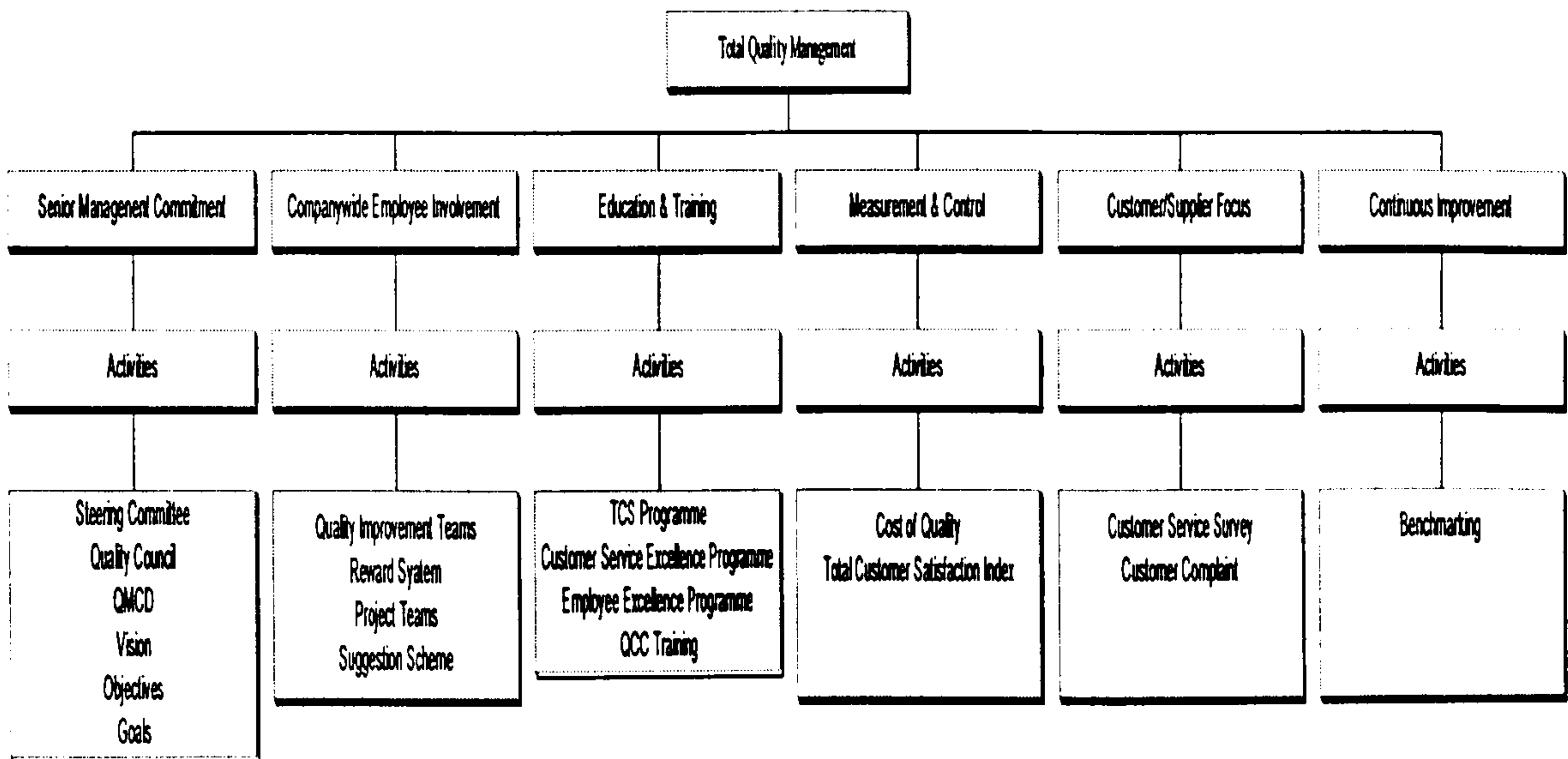
Division (QMCD) was set-up in December 1993, housed at the company's Head Office. The QMCD, headed by a Senior General Manager, showed the seriousness and commitment of the top management towards Quality improvement in the company with the underpinning belief that Quality began with the top and cascaded down the organisation. An external consultant was appointed to examine the quality aspects of the company. He reported that the company had put too much focus internally rather than externally, and that the heavy premium put on upgrading internal operations, rather than mitigated against quality improvement (Senior Manager 1, Tape No.1).

Consultants from Motorola University, were called in to assist in building total quality initiatives. With their assistance, the company constructed a 'road-map' for TQM implementation. A new quality vision and mission statement was established and two major issues were identified as a result of the mapping. First was to identify the process of quality implementation through the development of the Critical Business Process (CBP); and second, to create employee awareness through the Cost of Quality, that was, the cost of not doing things right. Furthermore, several personnel from the QMCD and the Telekom Training Centre (TTC) were sent for training at the Motorola University to acquire the necessary knowledge and qualifications in order to initiate quality programmes for the company. Such preparation was essential so as to enable these personnel to gain a full understanding of quality concepts and techniques and for the trainers to be certificated and licensed by the consultant to enable them to design and conduct quality courses for the company. Thereafter, a Quality Unit was formed at the

Telekom Training Centre (TTC) headed by a Quality manager. The Unit was responsible for researching, designing, conducting and consulting in four major dimensions of the company's quality initiatives namely; Quality Service; Advisory and Consultancy; ISO 9000 Quality Management System; and Total Customer Satisfaction. In view of the company belief that nothing will change fundamentally without the involvement from top management, it was decided that the training approach implemented should start from the top and be cascaded down.

#### **8.4 Total Quality Management Implementation in Telekom Malaysia**

The company's initial commitment to total quality commenced in the early 1990s when the management decided to create quality awareness within the entire workforce. To do this, Total Customer Satisfaction (TCS) was launched in April 1993 (section 8.3). TCS was a business approach based on the company's commitment to satisfying customers. It provided both a philosophy and a set of guiding principles which formed a foundation for continuous improvement effort. *Figure 12* illustrates TQM activities being carried out by TM. The extent to which these activities match those key elements identified in Chapter Four as essential for TQM implementation will now be considered.



***Figure 12 The Total Quality Management Activity in Telekom Malaysia***

#### ***8.4.1 Senior Management Commitment in Quality Initiatives***

The need for management commitment and the importance of leadership is the first of the company's seven core values (see Section 8.3). The serious commitment to and support from the senior management towards total quality implementation was shown by the then Chairman himself, Dr. Rashdan Baba, heading a Quality Steering Committee which was intended to guide the company towards quality. This Committee outlined a broad quality philosophy in terms of product's price, quality of service and timeliness of delivery (Telekom Malaysia, Annual Report 1994a). A clear direction for the company's quality endeavour was also spelled out in its Vision, 'To be a World Class Telecommunications Company providing Total Customer Care' (Telekom Malaysia, TCS Handout, 1994b) coupled with a mission statement that could be summarised as to achieve the Vision



through developing people, products and services of the highest quality and meeting the needs of the nation, employees and shareholders (Telekom Malaysia, TCS Handout, 1994b). Senior management was also involved through the establishment of the Quality Management Control Division (QMCD) which was the centre for quality initiatives in the company. Although there was significant senior management commitment and involvement in communicating the quality message by establishing the vision and mission, the success of senior management endeavour rested, in part, on the extent of company-wide employee involvement in TQM related activities being carried out by TM.

#### *8.4.2 Company-wide Employee Involvement*

TM regarded its human resources as an indispensable asset. Their effort and commitment were vital for the continuous growth of the company. The emphasis on involvement and co-operation from all employees and all departments was clearly emphasised by the company. Thus, intense efforts were focused on motivating employees towards quality. Quality Improvement Teams, Quality Control Circles and Project Teams were formed to facilitate continuous quality improvement. Furthermore, a Reward System and Suggestion Scheme were created, aimed at motivating and encouraging employees to engage in quality implementation. This clearly indicated that the company believed that concerted efforts and shared responsibilities from all employees were required in order for quality initiatives to be effective.

### 8.4.3 Measurement and Control Systems

The third major element is the extent of the measurement and control activities carried out by the company. Assessing quality was deemed critical in TM. The Head of the QMCD stated that, "anything that you cannot measure, you cannot control" (Senior Manager 2, Tape No.2). The company's adoption of quality measurement was linked to continuous improvement and was based on three factors: firstly, to see that the products and services were consistent with change objectives; secondly, to identify customer requirements and expectations; and finally, to check whether processes need to be changed to achieve the measured operational goals. Furthermore, all employees were given training to ensure that they were fully educated about the measurement and control system. *Figure 13* below illustrates the measurement and control system implemented by the company. It has internal and external elements.

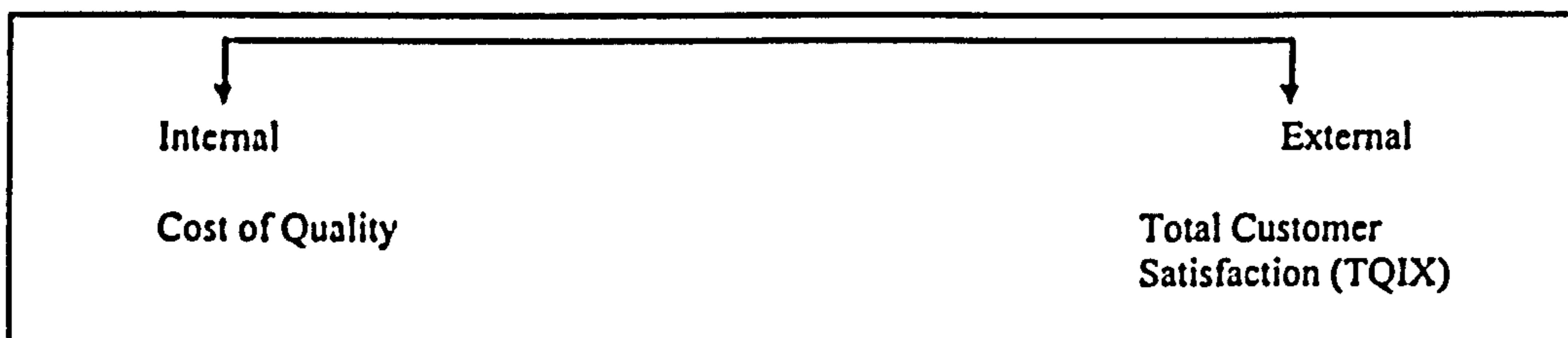


Figure 13 Measurement and Control Systems in TM

The major internal technique for assessing quality was the Cost of Quality. This technique as suggested by Juran (1986), is used to measure internal failures, external failures, appraisal costs and prevention costs. The company divided the cost of quality into three areas: "preventive cost, assessment cost and failure cost" (Trainer 2, Tape No.5). The company sees cost of quality as the cost of doing right first time in which great

emphasis was given to prevention rather than inspection (Telekom Malaysia, TCS Handout, 1994b). One example of initial measurement was the discovery that, "80% of the processes in the company can be eliminated since most of them were of internal focus and had no value-add" (Senior Manager 2, Tape No. 2).

For external assessment, there was the Customer Satisfaction Index. Data on customers' perception was collected for this assessment through analysis of existing data, direct observation, one-to-one interviews, focus groups and surveys (Telekom Malaysia, TCS Handout, 1994b:40). The objectives of this survey was to examine four key areas of customers' expectation: product/service required by customers; performance level needed to satisfy this expectation; relative importance of each product/service characteristic to customers; and how satisfied are customers with current performance (Telekom Malaysia, TCS Handout, 1994b:32). This survey was used by the company to improve performance and to meet customers' expectations. As a result of this, there was a reduction in billing complaints, faster order processing, and tighten credit control process (Telekom Malaysia Annual Report, 1990:38).

#### ***8.4.4 Customer/Supplier Focus***

The fourth major element of TQM process to be considered is the extent of activities of customer/supplier focus in TM. The company stressed customer satisfaction as one major factor in improving its performance. To meet the needs of the customers, the company separated its customers into three segments (see Section 8.2). This segregation of customers clearly indicated the company's strategy to respond appropriately to different



needs of the market segments. To balance the products and services with the specific requirements from various customers and suppliers, the company adopted a customer-supplier model which continuously assessed feedback and requirements from these groups (*Figure 14*).

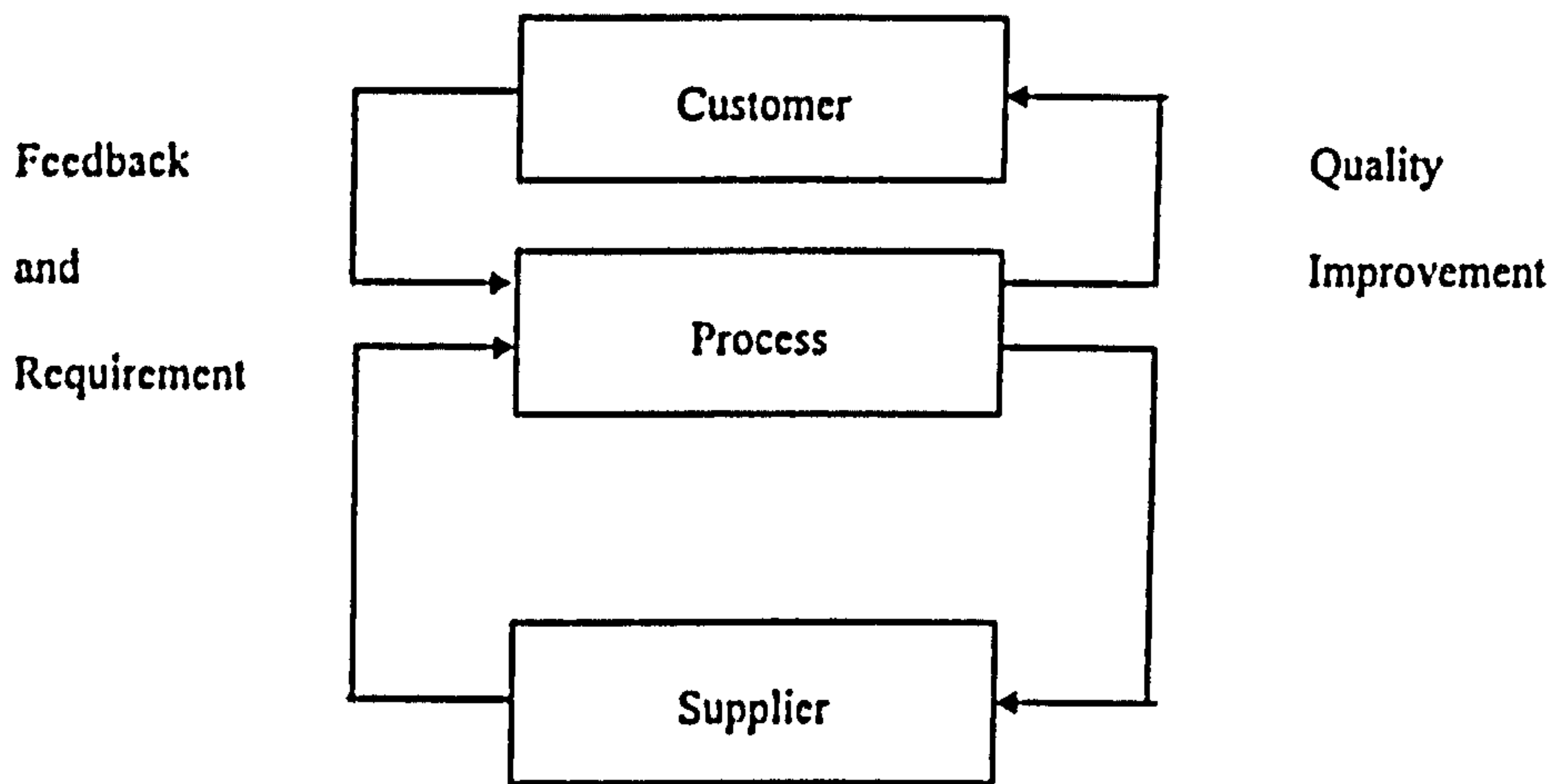


Figure 14 Customer/Supplier Focus in TM adapted from TM TCS Handout 1994

Feedback from customers/suppliers such as complaints, suggestions and survey reports formed the input into the system. These inputs were later assessed in the process of improving quality performance which then led to produce better product/service as the main output from the system. As a result, there was improvement in telephone installation and a reduction in customers' complaints (Senior Manager 2, Tape No.2).

#### 8.4.5 Continuous Improvement

To attain the goals of Total Customer Satisfaction (TCS), the company put a heavy premium on continuous improvement, as stated in the final Core Value: "Quality improvement never ends." One way of implementing continuous improvement is through

benchmarking. Benchmarking is a process whereby a reference point or base line performance is determined and measured against practice in similar companies in order to improve performance. In the case of TM, criteria of companies like AT &T and Motorola from the United States were used to benchmark its performance. Some of the areas of benchmarking done in TM were: in terms competitors' costs, after sales service and support, and training modules and packages.

#### *8.4.6 Education and Training*

Telekom Malaysia firmly believed that TQM is a Thought Revolution that involved cultural change which could be attained through rigorous implementation of quality activities and education and training (Telekom Malaysia, TCS Handout, 1994b). The importance of education and training was emphasised by the company after privatisation since they are regarded as important tools to assist employees in coping with the need continuously to improve performance. To implement TQM the company adopted a cascade approach. The top 40 management executives were trained, followed by the next 3,000 managers and ultimately downwards to the rest of the workforce. Other quality programmes conducted by management included TCS programmes for all employees, Customer Service Excellence for frontliners and the Employee Excellence Programme for non-frontliners. At the time this study was undertaken, the TCS programme for 3,000 managers, the Customer Service Excellence for nearly 4,000 frontliners, and the Employee Excellence Programme for the rest of the workforce were all still in progress.

TCS was one of the most significant programmes in supporting the introduction of TQM.

It will now be examined in detail as an example of quality training in TM.

### **8.5 Total Customer Satisfaction :An example of a Quality Programme for Managers**

The Total Customer Satisfaction programme was first introduced in 1994 as a result of change in the company's business needs that stemmed from the privatisation initiative.

The reasons for choosing this programme to be an exemplar for investigating the company's management training practice was that it was the first quality programme launched by the management and it coincided with the time this research was undertaken.

TCS was defined by Telekom Malaysia as, 'both a philosophy and a set of guiding principles that are the foundation of a continuously improving organisation.' (Telekom Malaysia, TCS Booklet, 1993b). Since the company was criticised for its poor customer service performance when it was a public service department, the change in status led to the need to reduce and to try to eliminate complaints from customers. It was noted that since corporatisation, the company has introduced several new measures in its production processes which have resulted in improvement in various aspects such as reduced errors in billing, better counter service and a quicker response to applications for telephone installation (Salleh, 1991:624). Since commitment to TCS requires continuous effort towards quality improvement, the company was determined to operationalise the concept of TCS and to make it part of the daily work activities. As stressed by the then Chairman;

"with a thorough understanding and application of TCS we will be able to steer our company towards becoming a world-class Telco"(Telekom Malaysia, TCS Booklet, 1993b:2).



The Chairman emphasised that quality is no longer an option but is mandatory for success (Telekom Malaysia, TCS Booklet, 1993b:2). This required a customer focus. Consequently, a company-wide TCS training programme was designed based on extensive research done by the Quality Unit at the TTC. The TCS programme was officially launched with the top forty executives attending the 3-day course. This was later followed by the next 3,000 managers on the course and then cascaded down to lower levels. The course for the 3,000 managers was to acquaint them with quality knowledge. It had two objectives; firstly, to inculcate quality awareness, and secondly, to impart TQM tools and techniques with which to support the company quality improvement plan. Taking this Total Customer Satisfaction programme to be an example, the following section reports on the analysis of fieldwork findings on activities surrounding training practices identified important in the theoretical framework in Chapter Five.

#### **8.6 The Context of Training in TM: The Total Customer Satisfaction programme**

This section discusses the issues surrounding training practice when initiating the Total Customer Satisfaction programme for managers. The following areas will be considered: factors influencing training provision; the process of performing training needs analysis; aspects of designing the programme; the implementation process; and the process of evaluating training effectiveness. The discussion begins by examining the role of training function in relation to implementing total quality training.

### *8.6.1 The TM's Training Function Role in Implementing Total Quality Training*

The success of the structural and cultural changes introduced after privatisation depended heavily on training key personnel. The change in emphasis from that of a technical based to service company was perhaps the most significant element in the management's decision to emphasise human resources training and development. The training function was to provide training for all levels of staff to inculcate the appropriate skills, knowledge and attitudes for effective job performance. This also enhanced career progression and helped to accomplish the organisation's mission. In Telekom Malaysia, the training function rested with the Telekom Training Centre (TTC). Having around fifty personnel, the TTC is headed by a General Manager who reports directly to the Senior General Manager of the Quality Management and Control Division in the wider organisational structure. The TTC is to co-ordinate its objectives, policies and programmes with the corporate objectives and the business plan of the company (Telekom Malaysia, A proposal on TNA, 1991). It was also responsible for drawing up the annual plan for financial support for training which was then submitted to the senior management for approval. Following the importance of the training function as a result of privatisation and total quality initiatives, this study examines management involvement in training function and the availability of training logistics/facilities for conducting this particular programme.



Table:7 shows the summary of evidence.

Factors Influencing Training Provision	Senior Manager 1	Senior Manager 2	Middle Manager 1
Senior management support in training function	Yes, we have steering committee at corporate level, that gives guidelines/policies to meet business objectives, and also look into training matters.	Quality training begins with senior management commitment. We create training committee from mapping process.	There is senior management support directly in the training function. They spend extensively on training employees in quality.
Middle and line management involvement in training function	They are committed and supportive but I feel they should do more, most of them do provide information on TNA and implementation of quality projects.	They are not directly involved in training. Training is the responsibility of the Training Centre. The middle and line management obvious involvement is in carrying out the needs analysis.	That depends on their attitudes and motive of working. Currently they do involve in analysing training needs and selecting trainees.
Training resources/facilities	The training centre is suitable and conducive but congested. We have more courses running now. Therefore we need better facilities and a new place.	Current facilities are inadequate. There is an expansion in number of employees, and this demand for more courses to be conducted.	Our training facilities no longer suit the current needs. Hostel facility is out-of-date, we also need new style of learning and new place.

**Table:7 Summary of evidence about factors influencing training provision**

#### 8.6.1.1 *The Senior Management Role in Quality Training Function*

As suggested in Chapter Five, senior management involvement and support in the training function is crucial for total quality training. In TM, findings suggested that there was some support from the senior management for the training function. Their obvious support was reflected by one manager who said;

“There is top management support directly in the training function. They spend extensively in training employees in total quality” (Middle Manager 1, Tape No.3).

Another manager explained the senior management involvement this way;

“Yes, we have a steering committee at the corporate level that gives guidelines and policies in order to meet the business objectives. They also look into the training matters” (Senior Manager 1, Tape No.1).

This statement reflected that their most notable involvement was via a steering committee, commissioned following privatisation, which was composed of some senior



key personnel and headed by the Chairman. This steering committee was principally obligated to outline broad policy and guidelines in relation to the organisation's training. It was to link the training vision and mission to that of the organisation, and to ensure that adequate resources were made available in order for training to contribute towards achieving the organisational plan. Another way of senior management involvement was through the formation of the QMCD which was discussed in an earlier section of this chapter. With the exception of QMCD, however, there is some indications that senior management involvement stopped at the policy formulation level. Most of them seemed to be far less involved and committed in terms of quality leadership or continuous personal interest in training activities and events (Senior Manager 1, Tape No.1).

#### *8.6.1.2 The Middle and Line Management Role in Quality Training Function*

The evidence shown in Table:7 suggests that the support and involvement from the middle and line management tended to be less significant than that of senior managers. Some respondents (e.g. Senior Manager 1, Tape No.1; Senior Manager 2, Tape No.2) thought that line and middle management could and should be involved more in training if successful total quality implementation was to be achieved. Examples of their views on this were ;

"They are committed and supportive in the training function, but I feel they should do more. Most of them are involved in providing information on training needs analysis and implementation of quality projects" (Senior Manager 1, Tape No.1).

"The middle and line management are not directly involved...there is little commitment from them, and one obvious involvement is in carrying out the needs analysis" (Senior Manager 2, Tape No.2).

These expressions indicated that where the middle and line managers are involved, this was in assessing training needs. Although they occasionally attended the opening and closing ceremony of training session, clearly they were less involved directly in other aspects of training activities. It can be argued, therefore, that these managers had a passive attitude towards training. This was perhaps because priority was given to the demand of their immediate professional responsibilities and because their choice of action was based on the perception that the Training Centre was solely responsible for training. They, therefore, considered themselves to have no further obligation. This failure to support the training function was not acceptable. As one senior manager argued;

"We need more support and involvement from the line management. I feel they should do more especially when total quality programmes were implemented...without their support it would be difficult for training to achieve organisational success" (Senior Manager 1, Tape No.1).

This implied that the middle and line management's ownership of training in the organisation was lacking.

The provision of adequate logistics/facilities is also an important element in successful training. This, in TM, took place at the Telekom Training Centre. This has been in operation since its establishment in the early 1960s. The Centre has central facilities including accommodation for delegates, a learning resource centre, lecture rooms, a gymnasium, a cafeteria and an administrative space. The Training Centre has gradually undergone expansion both in its operations and physical structure to cater the company's growing training needs. However, findings from the responses indicated that the Centre

could hardly keep pace with the drastic development especially in the 1990s. The result has been that it has become less than adequate. As one manager commented;

"Our training facilities (The TTC) developed in 1960s seems no longer suit with the current needs, for instance, hostel facility is out-of-date. Therefore, it is unsuitable with existing environment and also, we now need new style of learning" (Middle Manager 1, Tape No.3).

Another manager believed that;

"the Training Centre is congested...now the company has expanded and the number of courses run have increased. For example, previously we don't have quality courses, but now the company is emphasising on quality, therefore we need better facilities" (Senior Manager 1, Tape No.1).

Thus, the need for better logistics/facilities were seen important in order to build a conducive learning environment. It is not clear how far the inconvenient training condition had a negative effect on training.

### 8.6.2 *The Training Needs Analysis*

If training is to be success it needs to be based on a comprehensive and systematic training needs analysis (TNA). Table:8 summarised the evidence on the company's needs assessment process.



Principles of TNA	Trainer 1	Trainer 2	Trainer 3
Perform TNA	Yes, HODs do this with assistance from line managers, but not systematically and thoroughly.	We at the training centre do not performed TNA. Trainers only design based on type of training ordered by head office.	Information was gathered by head office from line managers' reports on their subordinates' training needs.
How TNA done	This is done at corporate level based on reports received from line managers.	The head office done the TNA based on input from HODs. One way of identifying training requirements is by asking few managers of their needs.	When something is assigned, the line managers start by asking around and come up with few suggestions.
Committee/body assign for this purpose	The body comprised of those at corporate level.	It is done at the top level.	The committee is made of several key personnel at the head office.

**Table: 8 Summary of evidence about training needs analysis in TM**

Analysis of findings in Table:8 indicates although it has been recognised that performing the TNA thoroughly and comprehensively was important, the way this was practiced in the company was significantly not adequate. As one trainer expressed the practice;

“Yes, Head of Departments (HODs) perform the TNA with the assistance from their line managers. But this process was not systematically and thoroughly done” (Trainer 1, Tape No. Tape No.5).

Another trainer said;

“Information was gathered by the head office based on reports received from line managers on their subordinates' training needs. However, the head office may decides and determines the relevant training course required” (Trainer 3, Tape No. 6)

This implies that TNA tended to be informal and unsystematic. Information was largely received from HODs and gathered by a committee at the head office. Documentary evidence gathered revealed that the training needs analysis was controlled by a committee appointed at the corporate level from Marketing, Network, Finance, Management

Information System (MIS), Customer Automated Services System (CASS) and Human Resource but not staff from the Training Centre (Telekom Malaysia, A proposal on TNA, 1991:19). The identification of relevant courses for staff was heavily influenced by these key personnel sitting in this committee at the corporate level. Whilst having a formal committee to perform the TNA is important especially with senior management support, this practice will not necessarily lead to appropriate decisions being made unless there are representatives of those directly involved in training, for example, the trainers and other key personnel. Thus, one weakness in this process was that it took no account of the views of some significant groups. Thus, there appeared to be a gap between the sound policy and effective practice. What emerged from the findings was that the process itself was not systematic.

"When something is assigned, the line managers start by asking around and come up with few suggestions. Sometimes refer to a small sample size and informal discussions with subordinates, which in my view this is not sufficient" (Trainer 3, Tape No.6).

The process of TNA was largely based on information provided by the line managers who experienced difficulty in collecting it.

### 8.6.3 *Designing the Programme*

The next step to consider from the framework is the process of designing and piloting the programme. Table:9 below summarises the fieldwork findings from interviews with three respondents.



Principles of Designing	Trainer 1	Trainer 2	Trainer 3
How programme was designed	The TTC itself is responsible in designing. For the purpose of designing, trainers are send to many seminars. They do literature search, and study similar programmes from other telecom companies and attended their programmes. Finally we design to the company's needs.	We design based on literature search done on the subject, and benchmark with other companies by looking at what and how they do it.	We buy training package from Motorola University. In addition, our trainers attended various courses offered by established companies.
Committee or board to design	No, we don't have such a committee. What we have been doing is that each of us design the course ourselves.	No we don't have a committee for this.	No, each trainer design his own course or programme based on his experience.
Modify programme	A lot of modifications done. We look at suitability of the audience and application to work.	Although we do make adjustments, some content is found to be irrelevant or impractical	We rejected some concepts produced by Motorola which are not suitable to our company.
Pilot test	This was not done formally. We pay attention to the evaluation done by the pioneer batch and look at their feedback	No pilot testing of the programme. We have discussions with the first batch and get some suggestions.	Yes, some. We discuss, and brainstorm of cause and effect, how it affects business

**Table:9 Summary of evidence about the process of designing in TM**

Responses in Table:9 indicates that the process of designing was carried out by the trainers in the Quality Unit at the Training Centre.

"The TTC itself is responsible for designing. For the purpose of designing, trainers are send to many seminars. They do a lot of literature search, and study similar programmes from other telecom companies and attended their programmes. Finally, we design to the company's needs" (Trainer 1, Tape No.5).

Another trainer described the process this way;

"We design based on literature search done on the subject, and benchmark with other telecommunications companies by looking at what and how they do it" (Trainer 2, Tape No.6).



What emerged from this findings is that the process of designing involved each individual researching his own experience and using information assembled from other telecommunications companies' practice. From there, a detailed training programme was designed tailored to the company's needs. On questioning whether a committee was assigned to look into the process of designing, the responses indicated that such a committee was non-existent. As one trainer replied;

"No, we don't have such a committee. What we have been doing is that each of us design the course ourselves" (Trainer 1, Tape No.5).

Despite the advantage of having a committee which could enrich the intended programme content this was not seen as important by the company. Instead, the individual's own current work and related experience was relied upon. Given the need for the company to change its culture, this may have constrained effective training since trainers may have been embedded in the old company culture. When asked about programme flexibility to respond to changes, two of the three trainers indicate that the programme was tailored to the company's needs. For example, one trainer claimed;

"A lot of modifications done. We look at suitability of the audience and its application to work place" (Trainer 1, Tape No.5).

Another trainer replied this in another way;

"Although we refer to some best companies practice, we reject some concepts which are not suitable to our company. We try to suit the programme to our environment" (Trainer 3, Tape No.6).

However, another trainer replied differently;

"Although we do make adjustments, some of the programme content is found to be irrelevant and impractical to current needs" (Trainer 2, Tape No.6).

This indicates that although the company tended to modify the programme to suit to the company, there was still concern that constant reviewing was necessary to ensure the relevance and practicability of the programme content. However, when asked about formal pilot testing prior to actual implementation of the programme, this was not formally done. As one trainer claimed;

"This was not done formally. We pay attention to the evaluation done by the pioneer batch and look at their feedback" (Trainer 1, Tape No.5).

Another trainer explained the process of piloting the programme as;

"Yes, we did to some extent. We discuss with trainees, we have a brainstorming session to determine the cause and effect of the programme. Then we study how the programme affects the company's business. We also gather information from the feedback sheet received from the trainees" (Trainer 3, Tape No.10).

This suggests that formal piloting of the programme was not important. Although a brainstorming session was held with the participants and information was gathered from participants this is not the most effective way to determine relevance and practicality of the programme.

#### *8.6.4 Implementing the Total Customer Satisfaction programme*

This section considers how the programme was implemented. The area of discussion are: the process of selecting participants, and the nature of delivering the programme.

Table:10 summarises the evidence of interviews with three trainers.

Implementing the programme	Trainer 1	Trainer 2	Trainer 3
Selection of trainees	Selection was made using on-line computer system that linked between Training Centre and the regional offices.	This quality management course is mandatory for all executives, but priority is given to names nominated by regional offices and based on specific selection criteria.	Candidates are chosen based on the needs of the people at head office and regional offices.
Trainer's qualifications	Generally, our trainers in TQM are fully trained and certified. They have undergone Train-The-Trainer course. They are expert in subject matter. We improve ourselves by attending seminars locally and abroad.	We attend a lot of seminars and courses.	We need people who are expert in subject areas and have experience in training.
Uniformity	We use standard kit, handouts but there are variations in delivery	We have a standard manual, and provide handouts to trainees.	Quality of delivery depends on individual trainers. In terms of contents, they are standardised since we use the same material.
Method used effective	I think it is effective, based on the evaluation received from participants.	To determine content quality, we look at various awards' criteria. No research done to determine whether these criteria fit in the organisation.	Very effective, we use actual experience to illustrate some parts.

**Table: 10 Summary of evidence about the implementation process in TM**

Identifying appropriate nominees for courses is a critical decision and influences the intended outcome. If the programme recruits unsuitable people or is targeted at the wrong group, the purpose of training will be defeated. In TM, the selection of participants was based on the use of a computer system which provides detailed data on all employees in relation to training. This was best portrayed thus by one manager;



"Selection was made through on-line computer system which are linked between the TTC and regional offices, that will provide information on names of employees, where they are at, and whether they have attended such courses before. The data is then centrally monitored by training personnel at the TTC. From here, we decide the candidates"(Trainer 1, Tape No.5).

Thus, decision as to who would participate is determined by the use of the employees' database linked between the TTC and other Telekom Malaysia regional offices. These data on employees' employment service records including training were updated by training personnel and regional offices personnel. One advantage of having this system was that current information particularly about individual employee training record is easily accessible. Although participants may sometimes be nominated by the heads of regional offices, their names will be reviewed by the TTC that finalised the selection process. For this particular course, the identification of the participants was based on specific criteria: for example, current position, seniority, date and particulars of last training attended, and whether the employee has attended the proposed course before (Trainer 2, Tape No.6). The practice of pre-briefing following selection of candidates was non-existent. This implied that management was less aware of the importance and benefit of having pre-briefed session for participants prior to attending the course.

On a question about the trainers' qualifications, one trainer revealed the process thus;

"Generally, our trainers in TQM are fully trained and certified. They have undergone Train-the-Trainer course...they have knowledge in Theory of Learning, Learning Objectives, Methodology, and Evaluation. As far as core competencies and knowledge, they're experts in the subject areas. We also continuously improve ourselves by attending training seminars locally and abroad" (Trainer 1, Tape No.5).

Similarly, another trainer described the process this way;

"We attend a lot of seminars and courses and adopt the programmes where applicable. Some are send abroad for acquiring new skills, knowledge and abilities, besides we continuously improve ourselves through reading and have build contact with outside bodies to keep abreast with the most current practices" (Trainer 2, Tape No.6)

The company fully recognised the need for trainers to be well-qualified. They were made to undergo some kind of Train-the-Trainer course in order to be certified trainers. They also attended training seminars to enhance their capability and keep abreast with current practices. This was a reflection of the recent emphasis on total quality initiatives in the company. This required trainers to be proficient in new areas, especially in quality courses.

The delivery of the programme observed was mainly through interactive lecture, group discussion, and case study presentation. This was further aided by a variety of teaching equipment, a flip chart, an overhead projector, video screening and above all, a printed booklet of course material. Interviews with three trainers indicated that a standard manual was used in assisting the delivering process. As one trainer quoted;

"We use standard kit, handouts, but still varies creativity in terms of delivery by individual trainers" (Trainer 1, Tape No.5).

Similarly, another trainer replied;

"Quality of delivery depends on individual trainers. In terms of contents, they are standardised since we use the same material" (Trainer 3, Tape No.7).

Such practice revealed that although there were variations in the trainers' style of delivery, a standard manual was used to ensure its uniformity.

### 8.6.5 The Evaluation of the Total Customer Satisfaction programme

The next issue to consider is the nature and extent of the evaluation of the Total Customer Satisfaction programme in TM. Table:11 summarises the evidence of findings from three respondents.

Principles of Evaluation	Senior Manager 1	Trainer 2	Trainer 3
Formalised method	The company has own evaluation format to gather feedback from participants.	Most evaluation is done using participants' reactive level.	We evaluate participants' reaction to the programme.
Standard method to evaluate	Yes, we use formal evaluation form and it is standardised.	Only formal form to the participants at the end of a training course.	We have a standard evaluation form given to trainees.
Outcome of result	Result will be reviewed by QMCD and used for future reference.	Sometimes result will be discussed in committee and action will be taken.	Changes will be made if required.
Training programme achieves objectives	Partly, yes. Quality is building up in this company. Employees are more aware of meeting customer satisfaction now.	Yes, partly, we do achieve training objectives, according to results of reaction sheets. Participants are more aware of quality now. training.	Yes, based on number of people trained and number of projects produced we may have created quality awareness.
Training programme achieves organisational objectives	Yes, I would say training has some contributions, although not directly. This is shown by reduction in the number of complaints.	Training is linked to organisational objectives, but how far it is achieved is too early to say.	It is difficult to judge because we only evaluate participants' reaction, not the entire programmes effectiveness.

**Table:11 Summary of evidence on evaluation process in TM**

As can be seen from Table:11, the common evaluation device is through the use of formal participant reaction sheets given to every trainee at the end of every session. As claimed by one trainer;

"We used a formal evaluation form given to every participant at the end of a training course" (Middle Manager 1, Tape No.3).



Another trainer forwarded his view this way;

"A standardised form was used to assess participant's reaction of the programme, and not the entire training effectiveness" (Trainer 2, Tape No.6).

The participant reaction sheet was aimed at assessing the trainee's reaction to the content, the methods used to deliver the programme, the course management and the effectiveness of the deliverer. There appeared to be no involvement of other parties like the trainers and line managers in the evaluation process. Thus, the evaluation process seemed to be limited to the trainees' perceptions immediately after each session. There was no effort made to link training to the company's objectives or to the enhancement of job performance. As one trainer puts it;

"Yes, partly, we do achieve training objectives, according to the results of reaction sheets, participants are more aware of quality now, but, it is difficult to know what happen after training" (Trainer 2, Tape No.6)

This indicates that post-training evaluation was not seen as important by the management, and no effort was made for its reinforcement especially among line managers. This was claimed by a few responses;

"We have no assessment on that, we only look at their performance during the last few days of training" (Trainer 2, Tape No.6).

"No, we have not done that, we don't follow participants' progress after training" (Middle Manager 1, Tape No.3).

These remarks clearly indicate that due to the non-existence of post-training evaluation, it is uncertain how far the training effect was being sustained and transferred to the workplace.

### 8.6.6 Trainees' Perceptions of the Total Customer Satisfaction programme

The main focus of evaluation was on the perceptions of trainees immediately after the training programme. Nevertheless, trainees did have views about the extent to which the programme enhanced job performance. Table:12 summarises this evidence.

Trainees' Perceptions on the programme	Trainee 1	Trainee 2	Trainee 3	Trainee 4
Training programme increase awareness	Yes, increase our awareness, but not increase our motivation to enhance job performance.	Yes, it does. But need follow-up because the course is too short and too much to understand.	From my perception, its only being done to fulfil the report, there's some increase in awareness, but not up to my expectation and not really on motivation.	Generally yes, it provides TQM awareness. I find that the course content is too general.
Provide opportunities to learn and influence his work	Not really, it is more of imparting general Quality concepts and principles.	I don't think so because of short period of time to gain everything.	No, basically difficult to apply to work place.	No, because content was too general. It was not tailored to work setting.
Apply to job setting	Not much can be applied. We need continuous motivation, then it will work.	Some may be applied, but the problem is we don't get full support from superior, and no encouragement from line management.	No, I don't think so. There's too much on theory, not related to our company	This course seems not to relate to practicality or real live situation.
Prepare for external change	No, the video shown is about American culture. Of course its not suitable to our culture.	Yes, in terms of customers' needs and demands.	Yes, become more concern on customers.	It does provides awareness of the importance of customers.
Training achieve its objectives	Minimally, I would say, yes.	Yes, in terms of our awareness on quality.	Yes, only to give awareness and information on quality.	In terms of practicality its difficult, but to give awareness, I would say, yes.
Consider for future challenge	Very minimal. Its more of TCS knowledge.	Not for this course.	No, only to install knowledge on TCS.	No, only to provide information on quality.
Contribution to organisational success	Theoretically, it's good and could contribute something, but in reality its difficult because there's so much red tapes.	Yes, minimally especially now more focus on customers.	To me the course does not make any difference.	No, I don't think so. There's no supportive environment to apply what we've learned especially the company is still bureaucratic.

**Table:12 Summary of evidence on trainees' perceptions of the Total Customer Satisfaction in TM**



Responses from interviews with trainees revealed that the ultimate effects of the programme varied from negative through neutral to positive. One negative comment was that;

"From my perception, this only being done to fulfil report, there's some awareness increase but not up to my expectation, I've negative feeling on this course, there's nothing on motivation to enhance job performance" (Trainee 3, Tape No.10).

This suggests that although the programme has slightly provided awareness knowledge, on the overall it has been less effective in motivating the participant to enhance his job performance. One reason to explain this was that, according to this respondent, the programme was too theoretically based. Similarly, another trainee provided his view as;

"Generally, I would say, yes. It does provides TQM awareness. But I find the course is too conceptual" (Trainee 4, Tape No.11).

On the question of providing opportunities to learn and influence their work, trainees were discontent in terms of the course duration and lack of further follow-up;

"not much can be learnt in the short period...further follow-up is needed to promote motivation" (Trainee 2, Tape No.9).

"Yes, it does increase in awareness, but the course was too short with too much to understand, we need follow-up courses" (Trainee 1, Tape No.8).

These comments indicate that the programme was far too short for trainees to learn and, more importantly, follow-up especially by line managers was needed in order for learning to take place. Although the course has to some extent provided quality awareness, some participants found that it insufficiently practical. Some quotes to illustrate this were;

"the (TCS) programme is only to provide introduction and giving awareness...the content of the course seems too general and not much can be applied to work" (Trainee 1, Tape No.8).

"this course provides the knowledge, but not skills. So, very minimal application towards preparation on change and to work setting" (Trainee 4, Tape No.11).



These statements indicate that although the programme did achieve its objective in providing quality awareness, it did not contribute much to work performance due to its failure to focus on the job setting. Since the programme content stresses theory rather than practice, participants found it hard to relate training knowledge to their work.

"The idea is good, but again people cannot practice it because it's all theory. It was not tailored to the practicality of our work in this company" (Trainee 3, Tape No.10).

"it seems not much can be applied. The course should focus on how to apply at the work place rather than giving general knowledge" (Trainee 1, Tape No.8).

Thus, the course tended to emphasis the theoretical quality concepts rather than focusing on work related matters. Responses from the interviews also suggested that further continuous support and coaching was needed in order for trainees to improve themselves. Some trainees felt the lack of opportunity to transfer learning to workplace was due to management failure to create supportive environment.

"We need continuous motivation, somebody to push us along and everybody must be doing the same, then it will work" (Trainee 1, Tape No.8).

"In terms of training, its sufficient. Some may be applicable. But the problem is we do not get full support from superior, and there's no encouragement from the line management" (Trainee 2, Tape No.9).

What surfaced from these interviews was that trainees felt deprived by this lack of supportive environment despite their enthusiasm for bringing back fresh ideas to work. The nature of the old bureaucratic telecommunications company was still in evidence. This made the application of ideas difficult. As one trainee pointed out;

"Theoretically it's good, but practically it's difficult because there's so much red tapes in here. The management do not see the importance of empowerment" (Trainee 2, Tape No.9).

This clearly indicates that management was less supportive than should be the case in order to create the environment needed, thus the effectiveness of training was greatly affected. In terms of the contribution of training towards organisational success, interviews from responses indicate that the programme was not as effective as it might have been through the lack of supportive environment at the work place coupled with a bureaucratic management attitude.

### **8.7 Conclusion From the Telekom Malaysia Case Study Findings**

It can be concluded from this case study that privatisation has been a major trigger for change in this company. This has resulted in structural and cultural changes. Privatisation has necessitated the adoption of TQM as the main strategy to transform the previous bureaucratic culture into a quality and customer focused culture in order to remain competitive. The change in organisational status has also caused the company to realise the need to adopt a new management style which is more responsive towards customers and market. Structurally, the company was segmented into three different customer units with the aim of being customer focused. This organisational restructuring therefore led the company the need to change culturally from being bureaucratic mentality working practice into a commercially excellent service driven company. This has resulted a change in the top management's perception towards training in which the imperative of company-wide and management training towards achieving organisational success has been acknowledged. The recent intensive quality training programme conducted for managers and workforce apparently was indicated in the company's increase in investment for training and development. Evidence gathered also indicates



that there has been a change in the attitude of managers at lower levels towards the importance of quality and customer service. However, it was found that the support from all levels of management is still being undermined in this company, thus inevitably affected the total success of TQM implementation. Such evidence suggest that continuous active involvement and support from management at all levels is crucial to ensure maximum benefits as a result of the quality initiatives. In view of the importance of management training in response to the ongoing radical change undertaken by top management, it is therefore seen that there is a need to develop a model for better understanding on its practice since without having systematic training practice, TQM implementation does not come about effectively.

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*Figure 15*

**Facilitating factors identified from the Telekom Malaysia case study that need to be incorporated in a model for better understanding of a good quality management training practice**

- more visible support and personal involvement from senior management especially in training activities
  - line and middle management to play an active role in the training function
  - management to encourage transfer of learning by creating supportive environment
  - management to liaise with training personnel in their staff training, especially in providing feedback on post-training progress and future training needs
  - senior management should include training personnel to sit in the committee for more comprehensive assessment of training needs
  - a more systematic approach in the design process probably having a committee to assess content validity
  - pilot testing of programme to be formally carried out
  - management to conduct pre-briefing session for selected trainees
  - having adequate and conducive training resources/facilities
  - to include trainer and line management reports as part of the evaluation process
-



*Figure 15* summarised the aspects of training that need to be further developed. These elements of training practice identified from this case study findings were seen essential if total quality training is to promote more effective results. If training is to make a more significant contribution to establishing TQM in Telekom Malaysia then the above features should be incorporated into the existing practice.

## CHAPTER NINE

# MANAGEMENT TRAINING IN TOTAL QUALITY: BRITISH TELECOM CASE STUDY

### 9.0 Introduction

This chapter begins by the period when British Telecommunications which was part of the Post Office. As a result of criticisms of its performance during this period BT was made a public. Privatisation of BT took effect in 1984, leading to the need for massive changes and reduction in the number of workforce. The next section discusses this process and the extent to which it led to the management decision to adopt total quality initiatives. The third section considers the TQM activities implemented by the company. The final part of this chapter reports the analysis of findings from fieldwork on training activities.

### 9.1 Background Leading to the Privatisation of British Telecom

The early commercial telephone services in the UK were developed in the 1870s. During this time, the General Post Office operated the telephone services in competition with private-owned companies. However, by 1912 the General Post Office became the sole supplier of the telecommunications services in the country, after having acquired the private-sector trunk lines nationwide (Fraser, 1988). Until the 1980s, the British Telecommunications remained an adjunct of the Post Office in which the telecommunications services formed part of that state-owned organisation. During this time the Post Office became the sole supplier of telecommunication services throughout

Britain with the Government being entirely responsible for the organisation's strategy. Towards the end of the 1970s, the organisation was said to be overstuffed, not properly organised, and was;

“using technologically and physically outdated capital equipment, short on investment, and with long lists of new customers waiting for phone connections” (Galal *et al.*, 1992:51).

It was also said that the enterprise was providing some of the worst services of any company in the Western world (Heller, 1993:58). As a result of these, the management of the organisation was put under pressure to cut costs.

Against this background, the Conservative administration's proposal was tabled to Parliament to introduce some measure of competition to the state-owned organisation. The British Telecommunications Act (1981) was passed to establish British Telecommunications as a separate public corporation from the Post Office and subsequently, "opened the way to some competition in equipment, network operation and the provision of services" (Vickers and Yarrow, 1991:204). The process of demerger of British Telecommunications from the Post Office ended the organisation's monopoly over the provision of the country's telecommunications network and removed statutory barriers to competition, although competitors only had tiny shares of the market. The following year, "the Government's plan to privatise British Telecommunications was announced to Parliament published in the White Paper (1982) on *The Future of Telecommunications in Britain*" (Vickers and Yarrow, 1991:205). The justification of the privatisation proposal, reported in the *The Future of Telecommunications in Britain* (White Paper) (1982) was to release the company from the constraints of the Public Sector Borrowing Requirement (PSBR) and to provide greater incentive to be efficient in a competitive environment.



In early 1984, another British Telecommunications Act was introduced. This time it was to privatise British Telecommunications. This marked a significant development of the Government's policy in telecommunications. The 1984 Act in effect transformed the organisation into a public corporation, allowed the sale of shares, facilitated the advent of competition and appointed an independent regulatory body. It set up a system where the Government itself controlled the issue of licences to new companies while the Regulator, the Office of Telecommunications (OFTEL) oversaw the emergence of competition within the telecommunications industry. The setting up of the OFTEL was also to ensure that the competitors had a chance of survival and that British Telecommunications would not ignore their existence. By the mid point of that year British Telecommunications plc was formed with the selling of 51% of its shares to the private shareholders (Galal *et al.*, 1992).

The years following the setting-up of the new British Telecommunications company saw the organisation embark on an extensive cultural change programme to respond to the presence of competitors. Culturally, the company need to shift from a working culture characterised by a poor performance engineering-based bureaucracy into an organisation committed to excellent quality and customer service (BT Today, 1994; Heller, 1993). It was not until 1987, following the appointment of a new Chairman, Ian Vallance, that Total Quality Management (TQM) was formally introduced as the company's first initiative in quality. The drive for TQM centering on quality customer service and cost reduction was stressed by the Chairman as, "the single most important strategic issue we have" (Hunt and Hartley, 1993:8). 1988 witnessed the company for the first time publishing its mission and vision statement. This symbolised for the whole workforce the

need for quality to be embedded in the company. In 1990, the Chairman drew up the company's corporate values which was intended to inculcate the quality doctrine "into the bloodstream" (Heller, 1993:58). In 1991, the name British Telecom was replaced with BT and a new company logo was inaugurated. With this number of workforce the company is seen striving to be a total quality and customer service oriented organisation. Numerous total quality programmes were initiated to support progressive development in the company.

## **9.2 The Government Privatisation Initiative as an Impetus for Change**

The period following the Government's privatisation exercise was of major importance to the organisation. The most significant of its challenge was the advent of competition from rival companies. It was reported that, "more than 130 competitors are after the company's business, many 'cherry picking' its most valuable customers" and this has an effect on the organisation's market share (Cox and Furner, 1994:6). Moreover, the nation's economic recession during this period further aggravated the situation. The recession led to a decline in the rate of demand for telecommunications services and to some extent affected the company's business.

Another major challenge resulting from privatisation was the establishment of an independent regulator, the Office of Telecommunications (OFTEL). The presence of the Regulator caused the company to confine to operate within a stricter and more intrusive financial regime in which it is bound under agreement to cut its main prices. The company was to exercise a price formula, 'the Retail Price Index minus 7.5 percentage points' (Cox and Furner, 1994:6). It was reported that this regulation had cost the company



some of its call revenues. The privatisation initiative also made it necessary for the company to react to the changing globalisation of the industry and to exploit new opportunities in the worldwide market place. It was stated that the company has intended to establish a global reputation in the industry. This was claimed by one respondent;

"it is our ambition not only to be global player, but, to be the best global player,...and turn the company's reputation from being very poor telecommunications company into probably the best telecommunications company in Europe" (Middle Manager 3, Tape No.23).

One way of promoting international market share is through the strategic alliances with major overseas competitors, for example, with MCI Telecommunications in the United States. This strategy was aimed at reducing overseas competition and compensating for the loss of domestic market share. Parallel to this, the accelerating pace of technological advancement is changing the shape of the telecommunications industry as information, communication and entertainment converge. This technological advancement put the company in a position continuously to offer the latest technology which is exigent in demand and vital in its intention to, "play a leading role in the information age offering world beating high technology solution" (BT Today, 1994:11).

In order to achieve this, the organisation needed to change from a state-owned engineering-led to a service-based company putting the focus on customers. The traditional hierarchical bureaucratic structure no longer suited the company in the new competitive environment. The management decided to restructure the whole organisation in 1990 with the aimed of 'putting customer first'. Thus, the company's process of restructuring in order to improve performance, leading to huge downsizing of the workforce has put tremendous strain on the organisation. This was revealed in a survey of employees' attitude in the early stage of that process;



"data has shown declining morale as a result of the various release schemes,...and widespread of dissatisfaction: 59% said the changes introduced were bad for them. ...only 12% had confidence in senior management" (Hunt and Hartley, 1993:9).

Nonetheless, another report optimistically viewed the exercise as worth the effort: "We have down numbers but upped quality" (Heller, 1993:61). Those who remained were considered to be a better quality performance workforce.

### **9.3 Quality Initiatives in BT and their Impact on Management Training**

The implementation of Quality initiatives in the company began two years after privatisation. Some respondents link the changes that stemmed from privatisation. For example, one manager illustrated the progression thus;

"For the first time ever we had competition, we had regulator...,and on top of that the world of telecommunications is changing, technology was rushing at enormous pace,...in 1986, it was a problem of the western world, as economy gets deeper and deeper into recession...and well, without Total Quality, I know if didn't we could face these problems, whether we may survive" (Middle Manager 3, Tape No.23).

A similar situation was identified by one trainer;

"If I take you where we started in 1986, Total Quality Management approach was implemented as the company moved strategically because of competition, regulation, and other external environmental changes" (Trainer 1, Tape No.25).

Thus, the changes in the environment resulting from privatisation led to total quality management being adopted. It formed the company's first step towards quality. The total quality management approach as described by one trainer was;

"to be able to identify who your real customer, what they want, who they were, and always trying to supply what they want and the quality they want " (Trainer 1, Tape No.25).

1986 marked the launching of the company's first pilot total quality programme. However, the rest of the organisation did not begin to follow suit until a year later due to a company-wide strike. The first of its programmes was 'Commitment To Action' initially targeted at all managers in the company. This was due to the company's

underpinning belief that total quality begins with support from all levels of management.

This was stressed by one trainer;

"We're working from a cascade method of quality training beginning with the upper management, and they should be committed. If you don't encourage them to be committed then why should lower people be committed?" (Trainer 1, Tape No.25).

This programme was designed to address the issues of poor customer focus, leadership and people management skills among managers, and poor internal customer/supplier relationships (Meeting Customer Requirements Handbook, 1988). The programme was intended to allow managers to devise a personal action plan and set up quality improvement projects with their teams. What the company perceived would happen from the programme was that personal behaviour change would take place and there would be a change in leadership style which would improve the company's drive towards quality. However, it was said that the programme foundered due to lack of support for managers at the workplace and their inability to implement it (Hunt and Hartley, 1993). Furthermore, the programme did not involve people at lower levels apart from a few who viewed the improvement projects as some kind of management game (Hunt and Hartley, 1993).

In 1987 there was a substantive change in the company's Board following the appointment of a new Chairman. This was a significant year for the company as the incoming management team devised a strategy focusing on quality customer service and cost reduction. This was aimed at stemming the loss of domestic business to rival companies. In the following year the company's first mission statement, "To provide world-class telecommunications and information products and services...to develop and exploit its networks at home and overseas" was published in the company's Annual Report (1988) in (Hunt and Hartley, 1993:9). In the meantime, the Chairman himself drew up a set of



corporate values that underpin the way the company work together in one team. These values that encapsulate the qualities of the new culture were put in five short messages: "we put our customers first, we are professional, we respect each other, we work as one team, we are committed to continuous improvement" (Heller, 1993:59). Project Sovereign was launched. It was based on "putting customers first" and streamlining the organisation by downsizing the workforce through numerous release schemes from an estimated total of 240,000 staff to about 100,000. Project Sovereign reorganised BT into customer-facing organisation. It structured the business into three customer focused units: 'one dealing with business customers; one with personal customers; and one with the special, self-standing services, like cellular phones' (Heller,1993:59) all revolving principally round the "Putting Customers First." The restructuring process is to give the company a new look, "where products, processes and people all work to the one aim of putting customers first" (BT Today, 1994:11). From then on, heavy emphasis has been placed on quality initiatives. Building managerial capability in the company was crucial.

"After privatisation...we are talking about moving into competition. We realise we need managers in team to perform more with continuous improvement in quality concept. We focus on Leadership and Quality Management as a way to change people mindset and more important is the managerial behaviour. We need to lead the BT managers to lead their teams into being effective quality team into zero defect, reduce cost failures" (Senior Manager 1, Tape No.21).

Since then, numerous management programmes were rolled out including;

"Supportive Management, Leadership, training courses in Tools and Techniques, those management courses found in the training portfolio(directory), Quality Management Systems, and Break-out, that sweep very directly,...design specifically, focus very strongly on what is needed by customers, and what they want" (Middle Manager 3, Tape No.23).

In general, quality initiatives in the company are viewed as a long-term strategy towards accomplishing its mission and vision. The quest to become quality champion remain a priority in the company;



"Because of the evolution for quality, for example, the European Quality Award (EQA), the British Foundation Quality Management Award (BFQMA), this is seen as a discipline, to become more quality oriented, that's why we're in the position of gaining EQA in 1995,...and as competition is getting closer, regulator is tougher, hence we need more change, more focus, more tools and techniques, the structure will change, we focus in Total Quality Management as driver to change the company, we implemented various programmes" (Middle Manager 3, Tape No.23).

#### 9.4 Total Quality Management Implementation in British Telecom

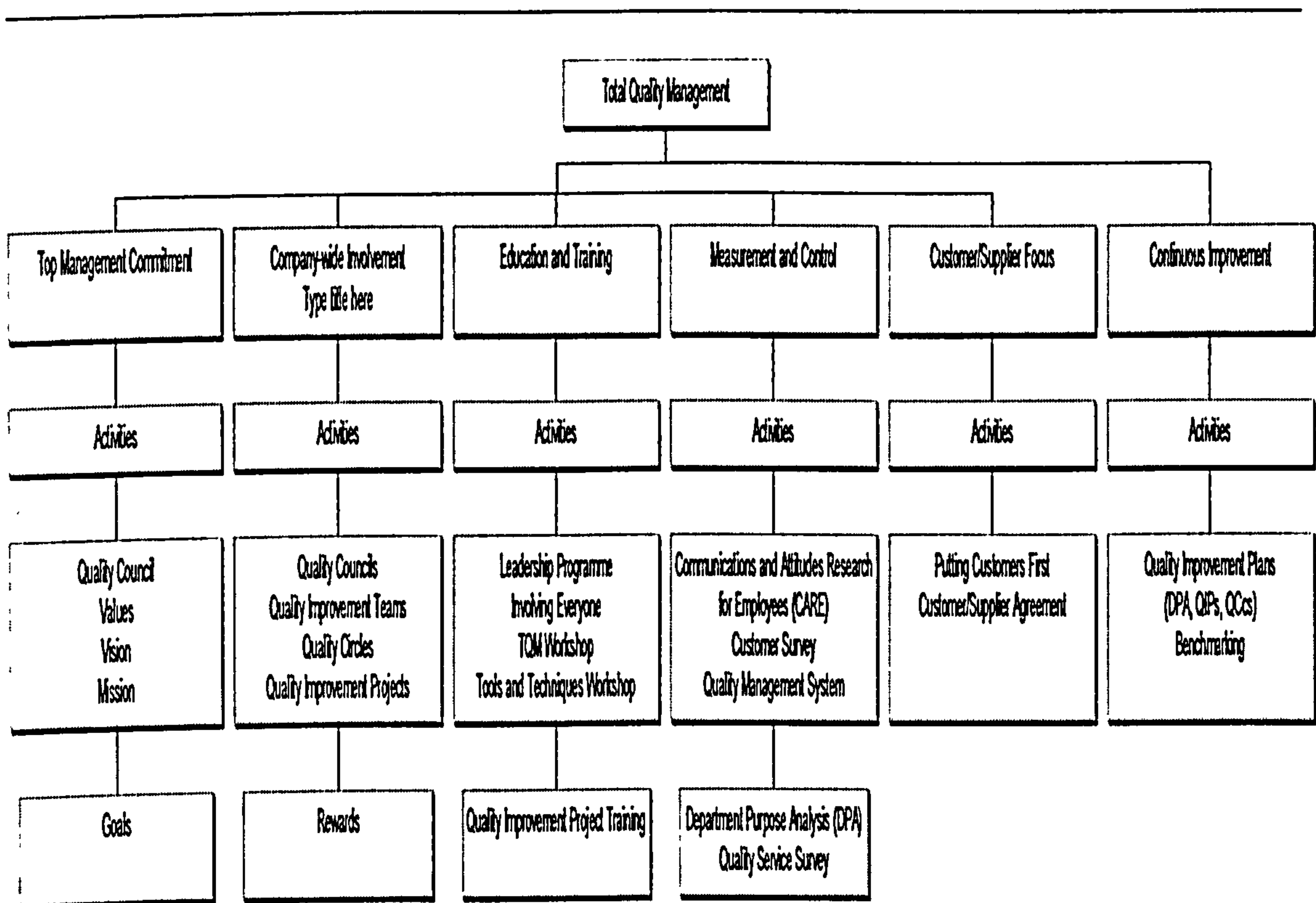
In British Telecom (BT), Total Quality Management (TQM) carries the following meaning: *Total* - where everyone is involved at all levels and across all functions; *Quality* - suggests meeting customers' requirements at the lowest costs; while *Management* - means management responsibility and requires leadership, leading from the top (Meeting Customer Requirements Handbook, 1988:2-3). TQM was a response to the advent of competition and rising customer expectation and their increasingly sophisticated demands. In view of these challenges and to provide a basic framework for initiating TQM, the company had established its own quality policy which was;

"to provide all customers, whether external or internal, with products and services fit for the purpose for which they are required, at the time agreed with the customer and, for external customers, at a price which gives the customer value for money and the company a reasonable return" (Meeting Customer Requirements Handbook, 1988:3).

The company began to introduce quality initiatives starting with the 'Commitment to Action' training programme, a programme aimed at communicating TQM skills and knowledge for all managers in the company. The reason for targeting all the managerial staff was the company's underpinning belief that total quality begins with the involvement and support from managers at all levels. However, as shown in Section 9.3, this programme did not meet with success. Managers failed to implement what was expected of them due to lack of support from their subordinates at the workplace. This was acknowledged by the Head of Quality Group who reported that;

“we were too slow in taking it (the programme) down the grades. We hadn’t involved people at lower levels...” (Pickard, 1992:29).

In the meantime, to communicate this quality policy company-wide, a handbook called “Putting Customers First” was published in 1991. This clearly enunciated the company’s drive towards a quality organisation which contained four quality imperatives: “Drive quality from the top; Pursue excellence in customer service; Support BT people in achieving Total Quality; and finally, Set and achieve world-best standards of management” (Putting Customers First, 1991:2). To further understand the company’s effort in commencing quality initiatives, a series of TQM activities were implemented in the organisation (*Figure 16*).



***Figure 16 The Total Quality Management Activity in British Telecom***

*Figure 16* illustrates the extent of the activities being carried out by BT, based on the major elements identified in Chapter Four as crucial for implementing TQM. The major

elements that will be discussed are: senior management commitment, company-wide employee involvement; measurement and control systems; customer/supplier focus; continuous improvement and education and training.

#### 9.4.1 *The Senior Management Commitment in Quality Initiatives*

As explained in Chapter Four, commitment from senior management is regarded as one of the most fundamental conditions for effective implementation of TQM. In the case of BT, it was reported in the company's Handbook (1988) that the company required full commitment and support from senior management in implementing TQM. *'Leading quality from the top'* formed the company's most fundamental quality imperative because senior management were the ones who should drive and communicate TQM message effectively to all levels in the organisation. This was emphasised in BT's Meeting Customer Requirements Handbook (1988);

"Past experience of numerous initiatives within BT and in a wide range of other organisations around the world, is that the active, visible involvement of the leader and the top team is the single most important factor in predicting whether that initiative is a success or a failure" (1988:10).

One clear senior management drive for total quality commitment was exemplified by the Chairman himself who initiated TQM in the company by drawing up five quality values which were described earlier in this chapter. The serious support for quality initiatives from senior management was also apparent with the formation of a Quality Council (QC) which was chaired by the Chairman and comprised several directors and senior managers. This was followed with the commissioning of Quality Councils (QCs) in every unit and department, cascading down throughout the company (*Figure 17*). The QC at the board level is responsible for recognising and rewarding achievement, championing improvement, focusing on measurement, removing/reducing inhibitors, managing communication, education and training, co-ordinating support, allocating

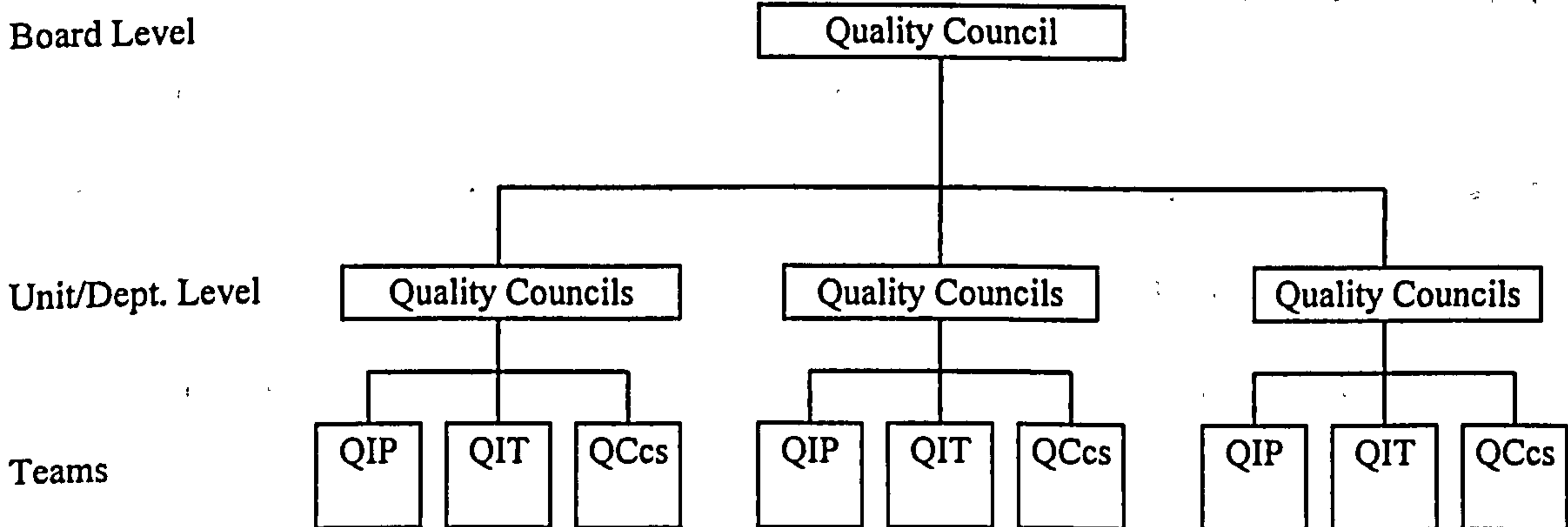


resources and reviewing/agreeing policies (Meeting Customer Requirements Handbook, 1988:11).

To develop quality leadership skills among senior management, training was conducted for Senior Management Team and Top Teams (chaired by the most senior manager in a unit or a department). These were aimed at providing understanding of the processes, framework and management system and encouraging managers to undertake Quality Improvement Projects (QIPs). Fieldwork findings established (discussed in Section 9.6.2 and in Chapter Eleven) indicate that there is strong commitment and support placed by the senior management in TQM implementation in the company.

#### 9.4.2 Company-wide Employee Involvement

The second major element of TQM process to be discussed is the extent of company-wide employee involvement. As well as establishing a QC at the corporate level, the company also organised QCs at unit or departmental level all through and across the organisation (*Figure 17*) to ensure that everyone in the company is involved in quality.



***Figure 17* Company-wide Quality Improvement Structure in BT adapted from Handbook (1988)**

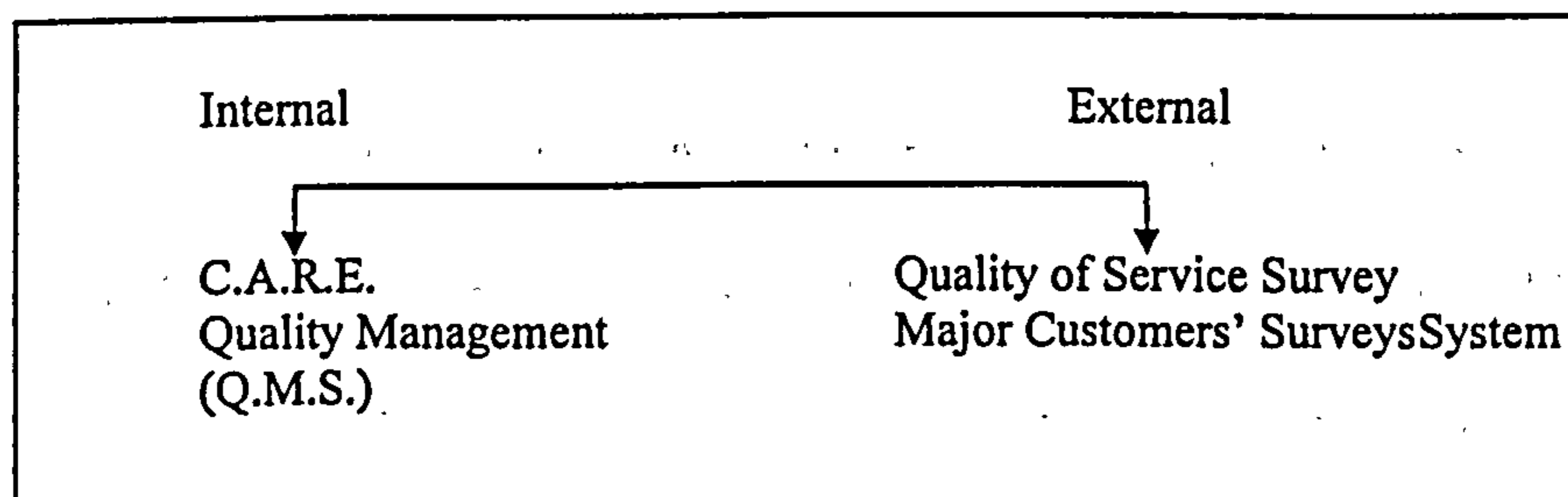
It was stated in the Handbook (1988) that these QCs at unit/departmental level are responsible for co-ordinating and integrating the annual Quality Improvement Plans (QIPns) into the existing Business Planning Process within units or departments. These QCs also formed a quality communications network across the organisation by providing reports on plans and on the progress of quality initiatives to the QC at board level. The QCs were to ensure that investment in total quality brought the expected benefits, to co-ordinate all efforts to avoid duplication of activities within the organisation, and also to involve employees in Quality Improvement projects (QIPs). The QIPs are projects targeted at utilising TQM tools and techniques to achieve improved internal quality and reduce costs. At the time this research was undertaken, some of the successful outcomes of the QIPs were improvement in the billing and invoices processes, and greater internal and customer satisfaction besides contributing to cost savings (BT Quality of Service Report, 1994; BT Today, 1994).

To ensure practical company-wide commitment, each unit or department has its own Quality Improvement Team (QITs) which is responsible for tackling work-related issues and problems. Unlike the QIPs, the QITs are less formal groups of people that help focus on internal quality improvement and financial improvement. The QITs meet on a regular basis to identify, analyse and solve specific problems that inhibits achievements on requirements and objectives. The QITs also provide opportunities for individuals to participate in decisions about their work.

Another form of company-wide employee involvement programme is the establishment of Quality Circles (QCcs). Functioning in a similar way to QITs, the QCcs are quality improvement techniques where groups of people within the units or departments voluntarily meet on regular basis to tackle a number of different issues, for instance, measuring the internal quality improvement, external quality improvement and meeting the unit or department objectives. Some of the positive outcomes following the formation of QCcs were cost savings and improvement in people satisfaction in the company (Meeting Customer Requirements Handbook, 1988). Thus, intensive efforts were made to ensure significant company-wide involvement in TQM processes within BT. This had direct impact on employee commitment to improving quality in the company, and a noticeable impact on quality improvement.

#### 9.4.3 Measurement and Control Systems

The third major element of TQM process identified (see *Figure 16*) was the company's measurement and control systems. These were adopted to assess the extent of TQM implementation. The company carried out two types of measurement and control systems: internal and external assessment (*Figure 18*).



***Figure 18*** Some of the Measurement and Control Systems in BT



A major internal assessment in BT was the Communications and Attitude Research for Employees (CARE). This CARE survey is usually carried out annually to provide the company with information on the attitudes of the employees, their jobs and other aspects of their working in the company. This involved distributing a set of questionnaires to every employees by an external agency appointed by the company. The results obtained are circulated to all managers who then identify improvement areas, implement the agreed actions with their people, and finally monitor the progress.

The next important internal measurement is through the Quality Management System (QMS). QMS covers the processes, controls and resources which serve to implement the quality policy in the company. Through QMS, the company undertakes to manage quality improvement, by balancing *'top-down'* leadership, (e.g. the establishment of the QC at the summit, senior management driven), and the *'bottom-up'* involvement and initiatives, (e.g. the formation of QCs, QIPs and QITs at unit/departmental levels).

For external assessment, the company conducts the Quality of Service survey. With the assistance of an independent research agency, this survey is carried out bi-annually with the members of the public using either face-to-face or telephone interviews. It is to measure the customers' needs and expectations in terms of their feelings towards the quality of service rendered to them and their reactions to specific experiences or events like billing matters, repair services, and operator services. In addition, Major Customer Surveys were carried out to measure customer satisfaction nationally and globally. These Surveys are used to monitor changes in customer satisfaction over a period of time and to

review the performance of managers in delivering specific service to the customers. Thus far, it can be concluded therefore that the measurement and control systems were extensively implemented. Such clear emphasis suggests that the company viewed meeting customers' needs and expectations internally and externally as important.

#### *9.4.4 Customer/Supplier Focus*

The fourth major element in TQM process to be discussed was the Customer/Supplier relationship in BT. Putting customers first has been the primary aim for the company since the restructuring process in response to the competitive environment and the rising customers' demand and expectation. This clearly indicated that it has been the intention of the management that in the newly structured organisation, meeting customers' requirements 'right first time and every time' remain the principal goal of the company's business. As the company's Chairman said;

"BT is a new organisation where products, processes and people all work to the one aim of putting customers first" (BT Today, 1994:11).

The segmentation of the company's organisation structure through Project Sovereign indicated the company's serious commitment to improving customers' satisfaction by distinguishing the different needs of those segments. It could ensure that an appropriate strategy was developed for each customer segment. For internal customers, clear job roles and responsibilities towards quality improvement were also heavily stressed. The company realised that the achievement of quality standards set in its objectives also depended on the quality of its suppliers.

"BT's performance is also dependent upon its relationship with its suppliers who will be enjoined to meet agreed requirements that ensure the quality, coherence and capability of BT's products and services" (Meeting Customer Requirements Handbook, 1988:3).

The customer/supplier agreement which forms the contract between both internal and external customer/supplier clearly outlines specific and measurable requirements covering every aspect of the product/service to be delivered such as speed, method of delivery, price, reliability and fitness for use. This, therefore, suggests that improving internal customers/suppliers relationships is an essential requirement in maintaining continuous quality improvement because unless the internal customers/suppliers are well served, this relationship cannot be extended to fulfilling the requirements of the external ones. Continuous quality improvement cannot, therefore, be developed.

#### *9.4.5 Continuous Improvement*

The fifth major element of the TQM process developed from *Figure 16* was the extent of continuous improvement in the company. BT's quest for quality improvement is clearly stated in the company's fifth quality value, 'We are committed to continuous improvement' (Putting Customers First, 1991:1) The drive for continuous quality improvement stems from the company conceptualisation of TQM as an endless process of quality improvement. In essence, the foundation for quality improvement in the company begins with management creating the environment that will lead to high individual performance, sustained by providing education and training and, in turn, encouraging every individual in meeting customer requirements at the lowest cost. The techniques employed to encourage an on-going effort for



continuous improvement were discussed in Section 9.4.3 since they were the same as those related to quality control.

#### *9.4.6 Education and Training*

Underpinning all of this TQM activity is education and training which forms one of the early priorities in BT's TQM implementation. The company believes that education and training is essential in implementing total quality. The key objective of education and training is to expose the employees to an understanding on the company's vision and mission. Moreover, the process of educating and training of employees is to ensure that they are prepared and continuously developed to enable them to meet the quality objectives and standards. The early process commenced with a cascading approach to training, starting with the Senior Management Group and Top Teams undertaking Leadership programmes and TQM workshops. This was then followed with the introduction of programmes like Leadership, Leading Through Teamwork and Supportive Management aimed at the rest of the managers (*Figure 16*). These programmes had the objectives of putting customers first and developing managers with the necessary skills to enable them to implement the company's values in working with others while managing and leading their respective teams. For the non-management grades, programmes like Involving Everyone, and QIPs were created to focus on customers and to develop better team work. Education and training is used to cascade TQM to the whole workforce and to create a supportive culture to promote continuous quality improvement.

## **9.5 Supportive Management: An example of a Quality Programme for Managers**

The Supportive Management course was one of the most fundamental quality programmes implemented with the objective of 'putting customers first'. This particular programme was selected as an exemplar to analyse the company's management training practice because it was one of the major management programmes carried out across the country at the time this research was undertaken. The Supportive Management started as an integral part of the Customer Care programme but later was separated as a stand alone programme to address a specific training need and target audience. This action to split Supportive Management from Customer Care was illustrated in detail by one manager;

"The Customer Care was about the process of dealing with people...at the same time it is essential that you got support from managers. What skills do these managers need in order to seek results?. In the designing, there was a package for workers and managers. We decide to split these, so there's a much higher profile to the briefing, coaching skills that a manager needs. So we produce another course called Supportive Management which covered all those skills, so all managers not only have Customer Care but also Supportive Management package. The skills they need as managers not only for Customer Care, but are cornerstones of all the managers job" (Trainer 3, Tape No.24).

The Supportive Management programme initiated in 1992, was aimed at all management staff working directly with external customers to enable them to develop specific effective and supportive communication skills with who ever they come into contact, be it internal or external customers. With the prime objective of 'putting customers first', the skills taught are to help managers to work with and live the company's five core values in their dealings with others. Briefly, this three-day Supportive Management Programme centres on four elements: Briefing, Reviewing, Reinforcing, and Coaching. These form a basic model of interpersonal skills practices for managers to develop themselves and to manage their people by positive examples through demonstrating effective behaviour. These interpersonal skills are designed to foster effective



communication, to show others "what to do" and "how to do it" in their daily dealings with people.

Briefing forms the first element in the model. It enables a manager to inform his people of what is required of them and how to accomplish it. Through regular briefs of their subordinates, managers help maintain employee involvement and motivation and, in this way, increase their effectiveness. The next element is Reviewing. This allows a manager to measure effectiveness and improvements through regular meetings with his team. This is to assess progress against a standard plan. Reinforcing, the third element is to recognise and acknowledge those skills the subordinates need to use. Hence, prompt reinforcement by a manager will encourage subordinates to continue doing things as desired. Finally, a manager needs to have Coaching skills. Effective coaching on the part of a manager is imperative to help subordinates to identify, develop and practice appropriate skills to improve performance. At the end of the course, it is expected that a manager will be able to Brief, Review, Reinforce and Coach effectively in his work place.

#### **9.6 The Context of Training in BT: The Supportive Management Programme**

This section discusses the issues surrounding training practice when initiating Supportive Management programme in the company. The issues were as follows: factors influencing training provision; the process of performing the training needs analysis; aspects of designing the programme; the implementation process; and the process of evaluating training effectiveness. This section begins by identifying the role of training function in the company.



### 9.6.1. *The BT's Training Function Role in Implementing Total Quality Training*

The impact of Project Sovereign on the training function was significant. Project Sovereign, which was principally aimed at putting customers first, has encouraged the organisation to build on quality initiatives in an effort to move from inefficient bureaucratic practices to having an excellent customer service focus. With the organisation's emphasis on quality, training was a key mechanism for enhancing the performance of its employees. As one senior manager quoted;

"With Project Sovereign and moving from that, we made some programmes of Total Quality Management, and enormous training was needed and it was quite clear that we should try to find this from our own activity" (Senior Manager 1, Tape No.21).

The role of training has become progressively more important to improve the performance of the employees. In BT, the responsibility for training rested with the Development and Training Division (DTD), headed by a Director, whose;

"overall responsibility is for the excellence of development and training in the company, and for the policy and processes to support the improvement of people's capability in the company" (Davis, 1994:2).

Indeed, one senior manager clearly relates this;

"The Director, (DTD) ...has functional responsibility for training throughout the company. He has the Management Development and Training as a division, he has the monitoring role for what goes on in the Division" (Senior Manager 2, Tape No.22).

This suggests that the Director is entrusted with ensuring that the Development and Training Division functions in accordance with the company's business strategy. In view of this important role, the DTD created its own mission and vision coupled with a new management style and strategic intents that would necessitate better human resource development and training commensurate with the corporate goals. Formed as part of the Group Personnel Division of the organisation structure, the DTD is organised into seven units: Performance and Development Management Resourcing, Executive Appointments, Training Strategy, Policy and Planning, Development and Training Supply, Delivery

Unit, Equal Opportunities and Board Support. Each unit is authorised to function autonomously within its area of specialisation. The DTD was also responsible for preparing the explicit training plan for the entire company. The training function increased in importance as a consequence of the company adopting TQM.

Factors Influencing Training Provision	Senior Manager 1	Senior Manager 2	Middle Manager 1
Senior management support in quality training function	There is a clear understanding among senior management of the importance and role of development and training.	They are committed in three ways. First, they are committed in the total development process of individual. Second, they define each individual job description. Third, they are to review every manager's performance.	The senior management have shown great interest and concern in the development and training function for continuous development of the employees in the company.
Middle and line management involvement in quality training function	Middle and line managers have several key roles in development and training. Increasingly, they are expected to coach and mentor their people.	The role of managers nowadays is changing such that he or she becomes much more of a supporter and coach to his people.	We are attempting to involve middle and line managers in running training events alongside with experienced tutors.
Training resources/facilities available	We have a well-equipped modern training centre.	The Training Centre at Kents Hill has all the modern facilities, a high class accommodation suite, modern conference centre, sports and recreational.	We are providing what is required with up to-date technology.

**Table:13 Summary of evidence about factors influencing training provision in BT**

The study examines the real level of commitment from management to the training function and the availability of training logistics/facilities to conduct this training programme. Table:13 provides the summary of findings on these issues.

#### 9.6.1.1 *The Senior Management Role in Quality Training Function*

As can be seen from Table:13, evidence gathered from the three respondents revealed that there was remarkable commitment and involvement from the senior management to the quality training function. The senior management accountability for providing support in the company's development and training was depicted by one manager thus;



"the senior management have shown great interest and concern for the development and training function for continuous development of the employees in the company" (Middle Manager 1).

With the belief that they are the key elements in organisational success, the senior management have shown great interest in this respect of work in the company. One example of the senior management involvement cited by the respondent was when the Group Managing Director, and his team of Managing Directors, commissioned the Management Development and Training division based in Kents Hill Training Centre, to design and implement a number of structured management programmes to provide appropriate development and training for newly appointed managers. Following that, the Group Managing Director and the Group Personnel Director kept close watch on the progress of the programmes implemented, including visits to the Kents Hill Training Centre to get "first hand experience" on the programme implementation for themselves and monitoring the overall training performance (Middle Manager 1). The significance of the influence of senior management on development and training can be illustrated by one incident;

"when you run this programme, you're trying to pull people from different parts of the country together...putting them to a programme and it was very tough, and there was time when it looked to me as if it was going to fall out. People were going to stop doing it. But then, the Board said, "No, we are committed to it, we just want it to happen". It was them who actually push it, and start asking for feedback and data, to make sure it happened" (Middle Manager 3, Tape No.23).

Thus, the involvement from the senior management was crucial in order to maintain the momentum of training. Another senior manager interviewed illustrated other forms of involvement from the senior management;

They are committed in three ways. First, they are committed in the total development process that starts with the definition of business strategy and objective at individual or divisional level. Here, they define each individual job description that outline their main responsibilities. Second, they are to review every manager's performance against a set of management competencies. Every year there is an annual appraisal in which they are to identify their managers' weaknesses in the current job and to determine each manager's future potential development. Finally, they are committed in more general terms on company-wide development initiatives



such as the Leadership Programme and the Local Partnership (Senior Manager 2, Tape No.22).

This indicated that the senior management seemed significantly involved throughout the development and training process. Moreover, it was believed that their commitment and support was crucial in order for training to bring about positive results. As one manager stressed;

"For the training to be effective it has to seek management support at all levels within the organisation. So, traditionally if you look at the organisation as triangle, we will go to the very top, discuss the programme with the senior manager, and they will probably attend the Supportive Management programme, they will give the programme with the support in their areas" (Trainer 2, Tape No.26).

The other major contribution of the top management in the training function was their personal involvement as '*workshop owners*' in formal training events. This was stressed by another respondent who pointed out that;

"they (senior management) participate as guest speakers so that participants can hear about developments in the company's strategy from 'the horse's mouth' (Middle Manager 1).

Another manager illustrated his view on this from a different perspective;

"notably, one obvious support in ensuring the success of quality implementation is the availability of top managers to be speakers on programmes, for example, in the case of the Leadership Programme,...some participated in the Programme as role-model and as opinion former" (Senior Manager 1, Tape No.21).

This suggested that apart from establishing the vision and mission statement, the senior management had been personally involved in the training function in order to bring about positive training outcomes. This commitment on the part of the senior management was extremely important because they were the catalysts who could facilitate continuous development in human capability to achieve organisational goals.

### 9.6.1.2 *The Middle and Line Management Role in Quality Training Function*

Summary of evidence from interviews shown in Table:13 indicates a significant level of middle and line management involvement and support in the training function. As one senior manager explains one form of their engagement;

"The role of the managers nowadays is changing such that he or she becomes much more of a supporter and coacher to his or her people than ever before. This means that managers now need to be skilled in the practical aspects of developing their people" (Middle Manager 2, Tape No.24).

A similar view was pointed out by another manager;

"Increasingly, the company expects managers to coach and mentor their people, and to be available as mentors for other subjects to operational demands" (Senior Manager 1, Tape No.21).

These quotes clearly indicated that the middle and line managers were expected to support their teams through coaching and mentoring for continuous development within the company. It was said that one way of imparting the skills and knowledge to the middle and line managers is by getting them involved in the training events. This was explained by one manager;

"We are attempting to involve middle and line managers in running training events alongside experienced tutors. For example, some time ago, we ran a Leadership Programme for all managers in the company which emphasised the importance of team work. The event which lasted nearly three days was co-hosted by a mixed team of event managers comprising the middle and line managers and management trainers. The partnership was very successful and both sides gained from the experience" (Middle Manager 1).

Another manager concurred. He said;

"Like senior managers, we involve a number of middle and line managers as speakers in the training events...they may also contribute directly on development and training programmes, where they have expertise or knowledge which may be shared with others" (Senior Manager 1, Tape No.21).

These comments suggest that such training intervention on the part of the middle and line management was of great importance. Moreover, by having them involved in the training



events, the middle and line management would know their responsibility and hence, could create supportive environment to enable the trainees to apply the acquired skills and knowledge to the work place. Furthermore, as a result of their involvement in training, line managers further extended their role as pre-briefing providers to their subordinates prior to them attending the courses. This was revealed by one manager;

"Line managers are to give pre-briefing and de-briefing before and after training as well as to continuously doing the performance appraisal...all to emphasis continuous learning" ( Middle Manager 2, Tape No.24).

Similarly, one trainer stressed that;

"Before going on the course, each trainee is given a booklet so that he can discuss any queries with his line manager, ...trainees are then put on a pre-briefing session with their line managers" (Trainer 2, Tape No.26).

This action was pertinent in order to alert the trainees to what is expected of them from the programme. In this way, they will be prepared for the course. The middle and line management in the company also played its part in the annual Performance Development Review (PDR) scheme. As one senior manager described;

"We also introduce Performance Development Review (PDR). We focus on all people and all managers in particular, on their opportunity for development each year at top level, at middle level - what kind of training needs to be provided, and at bottom level - what kind of experience is necessary to prepare them for higher level in the company" (Senior Manager 1, Tape No.21).

The PDR is an appraisal system used to assess every individual's performance and general ability for his/her continuous career progress in the company. All middle and line managers have to assess their own people besides being assessed by their own superiors.

"Each year everyone is appraised and development and training issues or needs are identified as appropriate...managers undertake PDR (between managers and subordinates) to establish what development and training may have benefits to the individual and to the company. The aim is to balance the needs of the company, now and in the foreseeable future, with the aims and preferences of the person" (Senior Manager 1, Tape No.21).



Thus, there is a clear indication that middle and line management in the company provides support for training. This is evident in the growing diversity of their roles in the training function. Such roles extend into training needs analysis, delivery of training session and evaluation.

The facilities to run the Supportive Management programme are sound (see Table:13). BT's management has shown great concerned for training and developing their employees. To ensure a conducive learning environment, a new, well-equipped modern training centre was built and has been in operation since mid 1993. The Training Centre situated in Kents Hill, houses two residential blocks, two office buildings, training accommodation constituting of classrooms facilities, a conference building, a cafeteria and a large sports and recreational centre. It was reported in the company's training pamphlet (1993) that the Centre can at any one time accommodate more than 1,000 participants, making it the largest industrial training centre of its kind in Europe. The training rooms in the Centre were fitted with modern teaching equipment. As one manager stated;

"We are providing what is required with up-to-date technology, we have OHP with screen, television monitor, so people use computer on a large computer screen" (Middle Manager 1).

This view was confirmed through personal observation on one of the Supportive Management course in session. The training room was fitted with OHP projector and a television monitor including a large screen. Also found in use was a flip chart and stand and a closed-circuit television equipment with a video recording facility. The noise-free carpeted training room arranged in a U-shape was also furnished with modern designed furniture, adequate lighting and satisfactory ventilation. Such investment in modern infrastructure equipped with latest technology purposely built for development and

training implies the company's deliberate intention to meet the current and future requirements of its human resource. Training was recognised as an important activity.

### 9.6.2 The Training Needs Analysis

An important feature of ideal training is the training needs analysis on which it is based. In this context, this study considers the extent of the training needs analysis was carried out by the company (see Table:14).

Principles of TNA	Trainer 1	Trainer 2	Trainer 3
Perform TNA	Yes, the main focus of analysis is behavioural change, so we look at what skills and knowledge could contribute to change.	We did TNA on the two areas originally recognised by BT. One is the cultural change and the other is the need to focus on customer.	Yes, TNA was done by analysing the work of a large number of frontline employees.
How TNA done	The company conduct a research interview through the Group Quality Unit with a number of managers and other employees.	We did interview sessions with a lot of customers, managers and those in greater hierarchy. From there, we realised that there is a need for change behaviour programme.	By analysing the work of a large number of frontline employees. The result from research compared, determine what people are actually doing at the workplace.
Committee/body assign for this purpose	Yes, we have a body to look into this analysis.	The Quality Unit and a few other managers were involved.	Yes, there is a committee that undertakes this analysis

**Table:14 Summary of evidence about performing the training needs analysis in BT**

Analysis of findings from three trainers as shown in Table:14 indicated the importance of performing the Training Needs Analysis (TNA) to achieve organisational objectives. The need for cultural transformation has led change to be a real issue in BT. One manager expressed the focus of the company's needs assessment thus;

"The main focus of analysis from the original role of BT to the time of change, has been changed, we're talking about total quality, focus on action change,...we are looking at behaviour change, what skills and knowledge could contribute to change" (Trainer 1, Tape No.25).

Another trainer saw the identification of needs analysis from a different view;

"We did TNA on the two areas originally recognised by BT, one is the need for cultural change and the other is the need to focus on customer. So, we did interview sessions with a lot of managers, customers and from there, we established the need for a programme on change behaviour in relation to customers" (Trainer 2, Tape No.26).

What emerged from these interviews is that the training needs analysis for this Supportive Management programme was undertaken explicitly to inculcate behavioural change in the managers' attitudes towards customers. The process of conducting the TNA rested with the training experts who worked closely with the business sponsors. A quote from one manager illustrated this;

"We've training experts, professional trainers skilled in doing TNA and they'll work with business sponsor to look at what is happening and do a proper TNA to line with the precise objective and to cover certain areas" (Senior Manager 2, Tape No.22).

This was further confirmed from the company's Development and Training Directory (1994) which outlined the role of a training expert;

To support business unit sponsors/line managers in ensuring that development and training has improved customer satisfaction and all activities lead directly to achieving business objectives (Davis, 1994:3).

The above illustration indicated that the TNA was explicitly used to identify those areas that genuinely need training and concur with the company's business objectives as stipulated in the Development and Training Directory (Davis, 1994). This collaboration of effort between the three parties involved in assessing needs analysis indicates the considerable action was taken by the company in ensuring a comprehensive needs assessment where each party contributes within its sphere of expertise. The business sponsor is specifically held accountable for drawing up the business and training strategy, while the line manager provides input in terms of identification of training requirement through the use of Performance Development Review (PDR). Finally, there is the



training expert who largely contributes his professionalism by analysing the target population, skills gap and advising on how best to meet training needs.

The underlying need for cultural change and customer orientation led the company to conduct an extensive and thorough investigation on its customers' needs as delineated by one trainer;

"The TNA was performed, to an extent, to identify the need for cultural change in BT in view of being customer focused. First, we interview a lot of customers, managers, and those in greater hierarchy. From there, we realised that there is a need for a change in behaviour programme related to the customer" (Trainer 2, Tape No.26).

The process of doing the needs analysis was further put forward by another trainer from a different viewpoint;

"TNA was done by analysing the work of large number of frontline employees dealing with customers. The result from the research was then compared to whether it was actually appropriate for these employees. From there, we can determine basically what these people are actually doing at the workplace" (Trainer 3, Tape No.24).

This demonstrated that the company recognised the need explicitly to perform the TNA through extensive examination of the practical aspects of handling internal/external customers.

### 9.6.3 Designing the Programme

Principles of Designing	Trainer 1	Trainer 2	Trainer 3
How the programme was designed	Contact with Supplier and Sponsor and start with statement of requirements, list objectives, target audience and subject and time frame.	When we started designing, we got licence from DDI, spent a lot of time customising. We give local identity, decide the learning point.	The company sought assistance from DDI. We changed the package to suit our company, did our own video. We have the right to amend it.
Committee or board to design	We design individually, but we have a committee to verify the content.	We have a standing committee to look into the material that has been designed.	Yes, we have.
Modify programme	Yes, we have a review process for all the things we designed	We customised the programme to suit our employees.	Yes, we do some modifications.
Pilot testing of programme	Yes, we run a pilot. We do some form of evaluation on the basis of feedback.	There is a standing committee. We trial, make modifications before we make the programme available nationwide.	Prior to implementation, the programme is trialed with a group of mix managers.

**Table:15 Summary of evidence about the process of designing in BT**

In BT, the process of designing a particular programme commenced with the identification of training objectives in relation to the current business needs of the organisation. This was reflected by one trainer who emphasised that;

"Training objectives are decided prior to design, then objectives of each session is designed and training is to fit these business needs" (Trainer 1, Tape No.25).

It was reported in the Development and Training Directory (Davis, 1994) that the normal procedure for the entire process of designing the training programmes rested with the Supplier or the training designers. To support this, one trainer stated;

"First, there is a contact between the Supplier and the Sponsor, start with statement of requirement from Sponsor, list objectives, target audience and subject and time-frame" (Trainer 1, Tape No.25).

This programme was a revision of the Customer Care programme that was originally designed by an American consultant, the Development Dimension International (DDI). BT training staff did not simply adopt this package. Every effort was made to customise it to suit the needs of the company. This was clarified by one trainer;



"When we started designing this programme, we got a licence from Development Dimension International (DDI). We bought the skeleton programme from them, and we spent a lot of time customising them. It is a very heavily researched programme...in making it suits to the British. We give local identity, make our own film, decide the learning point...redesign the whole programme" (Trainer 2, Tape No.26).

Similarly, another trainer described his view this way;

"The early history of the programme began with the company seeking assistance from Development Dimension International (DDI). DDI has its own package which they've been using it, and all those skills were taught in the same way using different courses. We actually only involved those steps to review someone, we worked the scenario, we changed those package to suit our company, we did our own video...and we've the right to amend the development" (Trainer 3, Tape No. 24).

These descriptions suggest that although the programme framework was originally based on an American product, it was extensively modified to suit BT. This clearly showed that the company was concerned to make the programme reflect its own organisational needs, thus ensuring that, "the programme authentically mirrors our needs" (Trainer 2, Tape No.26).

The stage preceding the implementation involved piloting the programme. The trial was to assess the validity in terms of the content and its appropriateness to the target audience.

For example, one trainer commented that;

"prior to implementation, the programme was trialed with a group of managers. Slight modifications will be undertaken according to the target group" (Trainer 3, Tape No.24).

Another manager provided her view on this in a different context;

"We run a pilot, we do some form of evaluation to assess the programme on the basis of feedback. We make alteration or amendment accordingly and hope to get it right. It depends on the sort of thing you are trying to deliver, then do the real" (Trainer 1, Tape No.25).

To further reaffirm the process, another trainer described this in more detail;

"There is a standing committee the designer (Supplier) has to report to, bring this material as a clearing house. We trial this programme quite extensively, come back, make some modifications to it to suit organisational need, and conduct in-depth one-to-one interviews with the managers, before we make the programme available nationwide" (Trainer 2, Tape No.26).



Such a process is especially important when the training is based on a package of material from a consultant from another country. The company considered the process of pilot testing to be vitally important in order to ensure content validity and to produce robust programmes commensurate with the individual's and the organisation's business needs. The feedback gained from this pilot testing was valuable in encapsulating the reality of the current needs which designers could use as a foundation for making the programme effective.

#### 9.6.4 *Implementing the Supportive Management Programme*

The implementation of the programme profoundly affects the process of effective learning and in turn impacts on the overall training practice. The procedure for selecting participants and nature of delivering the programme will be discussed here (see Table:16).

Implementing the programme	Trainer 1	Trainer 2	Trainer 3
Selection of trainees	Each employee is given the opportunity to bid for a place, following the advice from local trainer or line managers on options about courses found in Management Development Portfolio.	People who want training in BT will go to their local training manager or discuss with line manager. They will be asked to ring FMU. So, the training centre do not actually control the selection.	There is a form given to candidates to determine skills needed for and from the course. Managers nominate those to be trained and the FM Unit selects.
Trainer's qualification	Trainers have to be committed and demonstrate they have the ability. They have intensive training by TQM experts to get them qualified.	The training of trainers was an accredited course by master trainer. The master trainer decides whether each person will get accredited.	Trainers need to undergo Train-the-Trainer course. The course is designed to show them how it has to be done, then practice it, then sit for exam.
Uniformity in delivering	We use standard package, specifically designed for trainers.	We make available the same training package for trainers across the country.	The programme was designed in detailed, telling trainers what to do. We use the same training set, checking if they do it right.

**Table:16 Summary of evidence about the implementation process in BT**

Candidates are selected for this course in two ways; firstly, by management decision and secondly, through employee's own initiative. However, the typical procedure came from the employee's realisation for the need to be trained in order to improve current work performance and his career development. One trainer explained this process thus;

"What happen is, people who want training in BT will go to their local training manager or will discuss with their line manager and say this is what they need. They will be advised to what option they really have. They will then be asked to ring the Facility Management Unit (FMU). So, the Training Centre staff do not actually control the selection" (Trainer 2, Tape No.26).

Another trainer depicted the same procedure in a different way;

"Each employee is given the opportunity to bid for a place, following identification of their needs with the advice from local trainers or from line managers on options of training courses found in the Management Development Portfolio (Training Directory)" (Trainer 1, Tape No.25).

Thus, although employees were given considerable advice by their local trainers or line managers about the training course to be attended, it was the FMU that actually determined the selection of candidates based on their suitability and availability of places, thus filtering out the possibility of a mismatch between individual need and the objectives of specific courses. The FMU has a functional role in ensuring smooth progress of implementing training. One respondent commented;

"We now have an on-line computer system so that you can book places right away to save wastage. Facilities Management Unit manages booking people on to particular courses and schedule trainer time, and this partly helps solve some problems" (Senior Manager 2, Tape No.22).

The FMU was also held accountable for calling-up and booking participants, billing and charging participants through their respective line managers, as well as scheduling trainer's time.

Despite of all this effort by the company, there were some problems. Observation of one Supportive Management programme revealed that three out of ten candidates failed to



turn up for the course. This meant that the FMU was unable to ensure adequate number of attendees on this course. One respondent regarded this as a waste of resource and commented;

"Well, the course should have ten people with one trainer, and not seven as this will mean a waste of resource for the company. So, I think getting the right number of candidate and briefing them before coming on the course is critically important" (Trainer 3, Tape No.24).

This raises the question about the effectiveness of the current mode of selecting and determining the number of participants turning up for the course. When asked about trainers' qualifications, responses received as summarised in Table:16 suggested that the company's common method of preparing trainers was an extensive process based on certain well-defined qualities. One trainer described this process thus;

"Trainers have to be committed and demonstrate that they have the ability. They are chosen to be trainers after intensive training by TQM experts from outside to get them qualified" (Trainer 1, Tape No.25).

On the same point, another trainer outlined the process this way;

"The Training of Trainers was an accredited course, lasting a week, residential intensive training by master trainer, very practical based, a doing programme rather than lecture. The prospective trainers were given basic knowledge, then comprehensive briefing on the modules, skill practiced to master competencies, then they will get one-to-one feedback like counselling. Then, the master trainer will decide whether each person will get accredited or not" (Trainer 2, Tape No.26).

Another trainer, sharing a similar perspective stressed other interesting points;

"Trainers need to undergo Train-the-Trainer course for about a week. The course is pass/fail. The course is specifically designed to show them how it has to be done, then practice it, then sit for exam. The training course for the trainer is actually a mirror for the process course, so the potential trainer deliberately run the course to their colleague to get feedback" (Trainer 3, Tape No.24).

In general, these illustrations suggest that the company tends to emphasise having well-qualified trainers to conduct its TQM courses. Such practice was seen to be essential by the company because not having trainers undergoing this process would be likely to mean less effective learning would take place. When asked about ensuring uniformity in



delivering the programme, interviews with the three trainers revealed the use of a standard package for the course by every trainer. As one trainer claimed;

“the programme was designed in detailed, telling trainers what to do in every minute of it. We use the same training set” (Trainer 3, Tape No.24).

Thus, the company believed that using a guided manual might maintained the programme’s content and objectives and ensure uniform delivery, although there was variation in the trainer’s style and approach to the subject. The instructional methods of delivering included interactive lecture and group case presentation aided by a variety of teaching equipment like OHP, flipchart, whiteboard and a big video screen. Each trainee was given a printed document which outlined the content of the course. The course was formally evaluated when it finished.

#### 9.6.5 The Evaluation of the Supportive Management Programme

As can be seen from Table:17, the evaluation process in this company entailed the use of a formal evaluation form at the end of the programme.

Principles of Evaluation	Senior Manager 1	Senior Manager 2	Middle Manager 1	Middle Manager 3
Formalised method of evaluation	Yes, have formal sheet given to participants.	Participants are asked to evaluate through formal sheet that look into behaviour level.	Yes, evaluation sheet given at end of course.	The only evaluation done is through a standard sheet asking overall course.
Standard method to evaluate	Yes, we used a standard form.	Yes.	Yes, in terms of happy sheet.	Yes.
Outcome of result	Review material to update programme content.	The process of analysing is centralised, a committee would look at the product.	We have review committee talk about what is useful.	A meeting is held to examine the happy sheet feedback.
Training programme achieves its objectives	There is an increase in people's satisfaction.	Evidence from survey revealed there is positive change in behaviour.	Yes, people can now work better in team.	Because some do training and some do not, you can compare the difference.
Training programme achieves organisation objectives	This is showed in terms of company's progression over the years.	Turn from very poor customer service to a more efficient.	Increase in customers' satisfaction.	Managers know their roles better in organisation.

**Table: 17 Summary of evidence about the extent the Programme was evaluated in BT**

The standardized assessment was to explore a broad range of subjects, including participants' perceptions of the course, course content, suitability of the method used, trainer's capability and the overall course management. One trainer noted;

"The only evaluation done is through the happy sheet form asking about the overall course to the participants" (Trainer 3, Tape No.24).

A similar view was described by one senior manager in this way;

"At the end of the course, participants are asked to evaluate the programme through happy sheet form particularly to look into behavioural and taught aspects" (Senior Manager 2, Tape No.22).

The justification for using the evaluation sheet was to probe in detail the programme effectiveness to the learners and ask whether the training objectives were achieved. Responses confirmed that the evaluation form was standard and formed the principle evaluation technique for programmes throughout the company. Following the evaluation procedure, the feedback was then analysed and reviewed by a review committee. This exercise was described by one manager;

"We have a review committee that talk about what is useful from the feedback sheet. It is a combination of the two, that is, the trainers' view and the participants' feedback" (Middle Manager 1).

Another manager said;

"All the forms are passed to the Stone Training Centre where the process of analysing is centralised, a committee headed by a Project Manager would look at the product" (Senior Manager 2, Tape No.22).

The Review Committee discussed matters pertaining to the training course and was also responsible for, "checking the progress, measuring performance and determining how far the programme has achieved its objectives" as an effort to produce a more robust programme (Senior Manager 2, Tape No.22).



When asked about the extent to which the programme achieved its objectives, the three responses were all positive. In acknowledging the effect, one respondent replied that;

**"Evidence from a survey on customers' perception of the company revealed there is positive change in the behaviour of the staff" (Senior Manager 2, Tape No.22).**

Another manager puts his view on the matter this way;

**"The plus from the training point of view is that, because some do it (training), and some don't, you can compare the difference...We found that people who did training can now work better in teams and are more supportive" (Trainer 3, Tape No.24).**

From these views it can be said that there was positive inclination towards change in behaviour as a consequence of this training programme. This was more pronounced when comparisons were made between those employees who were and who were not being trained. On the issue of whether the training programme meets the organisational objectives, the summary of responses in Table:17 reflect a general consensus, acknowledging the constructive contributions as a consequence of the programme.

Indeed, one manager interviewed illustrated this point;

**"This is showed in terms of the company's progression over the years....more and more people are beginning to understand, and actually practice the concepts and principles, and they believe they are doing quality improvement...It is something you dip people in and they come out at the other end being quality people. By and large, we get this through the course...enabling people to deliver the business results. Results have been improving year after year, (although) we still have a long way to go" (Middle Manager 3, Tape No.23).**

Sharing similar optimistic view, another manager recognised another interesting effect of this programme;

**"Some of the outcomes, for example, we now have 200,000 less workforce, we turn around our customer service from being really poor. Now virtually 98 percent of phones are installed to the customer on the very day. In about 1989, we had a horrible time. Four out of ten phones were not working due to vandalism. We were making huge losses, but today, we get more phone boxes and 90 percent are and good condition" (Senior Manager 2, Tape No.22).**

Thus, there were clear improvements in the company's general performance. Post-training evaluation took the form mainly of de-briefing and the Performance



Development Review (PDR) which was used to evaluate individual performance annually. It was claimed by one manager that;

"after training, the line managers are responsible for reinforcing and motivating application of skills learned, ...discussing with the participants what has been acquired from training in the de-briefing process" (Middle Manager 1).

Another manager mentioned the company's annual appraisal system (PDR). This has close links to the TNA and is a conscientious effort to scrutinise individuals' performance levels and to provide the information on the recipient's progress after training. There was a continuous effort on the part of the company to evaluate individual performance to ensure that training obtaining results. This needed to be considered more fully from the participants' viewpoint in order to verify the validity of the programme.

#### *9.6.6 Trainees' Perceptions of the Supportive Management Programme*

Taking into account the trainees' perceptions of the programme is an important part of the evaluation process, since this provides evidence on whether the particular training programme has brought about the intended results in performance improvement and was relevant to the job setting (see Table:18).

Trainees' perceptions of the programme	Trainee 1	Trainee 2	Trainee 3
Training programme. increase self-awareness	Yes, give fresh look.	No, because it came late in my career, it would be useful for new managers.	Yes, now more aware of concepts and principles.
Provide opportunities to learn and influence his work	Yes, can stimulate managers and contribute to do something right.	Not really, because I had long practical experience.	It does encourages to apply new things and bring new ideas to work.
Apply to job setting	In my job yes, it's to give a boost.	As said not really. It would be much better if course tailored to sales knowledge.	It gives better perception of responsibility to assist others.
Prepare for external change	Yes, it would helps to face change.	No, it's just repeating what I've already know.	We have been facing continuous changes.
Consider for future challenge	It does help managers to develop.	Not practical enough because course more of theoretical based.	Yes, in a way it prepares to react to internal/external customer demand.
Contribution to organisational success	Yes, training can bring change to work and stimulate managers.	I see the course as a good place for discussion.	It gives you fresh input so you are not going stagnant.

**Table:18 Summary of evidence about trainees' perceptions of the Programme in BT**

The summary of findings in Table:18 suggests a division of opinion. Two out of three of the trainees expressed satisfaction in that training assists in improving their self-awareness in order to perform their jobs well. For example, one trainee perceived;

"I became much clearer about the current need...on necessary tasks of coaching, reinforcing, reviewing and briefing. From my point of view, the programme should be good as it served as a reminder that Supportive Management is important" (Trainee 1, Tape No.27).

Another trainee perceived the Supportive programme this way;

"Now, I think we become more aware of the concepts and principles contained in the Supportive Management programme. This definitely give us the opportunity to improve our performance at the workplace" (Trainee 3, Tape No.29).

Contrary to these perceptions, one trainee viewed the programme as being less useful.

"No, the course did not benefit me much because it came late in my career, and it might be more useful for new and younger managers" (Trainee 2, Tape No.28).

This quotation suggested that the programme is most appealing to new managers, while conversely, and be less suitable for those who had established wide experience. A further



skeptical view was forwarded by a trainee who was queried about learning opportunities in relation to work. She stressed that;

"It did not make much difference and has not really influenced the way I work because I had long practical experience in my job" (Trainee 2, Tape No.28).

It could be argued that here was a mismatch between candidate and a particular course which resulted in training being less beneficial. Nevertheless, this disapproval was a minority view;

"Yes, it can stimulate managers especially good for new managers to learn new ways of behaviour, with some of more experience managers it does give a reminder" (Trainee 1, Tape No.27);

"It does encourages managers to apply new things and bring new ideas to work ...the course really helps to build positive and effective communication skills that a manager needs" (Trainee 3, Tape No.29).

These comments indicated that the programme was especially relevant to managers because it encouraged their creativity, and enabled them to share experience with other colleagues as well as enhancing their understanding of effective communication.

Comments drawn from the responses on the transfer of learning to job setting (see Table:24) provided two extreme end of results. On the one hand, two trainees agreed that the course could "give boost to current job" (Trainee 1, Tape No.27) and "a better perception of responsibility to assist others" (Trainee 3, Tape No.29). Other trainee perceived it differently;

"The whole course is just repeating what I already know. It would be much better if the course was tailored to sales knowledge" (Trainee 2, Tape No.28).

The same trainee further questioned the content validity in terms of preparing the participants for external change and future challenge. As she argued;

"The course is not practical enough, it seems to me rather more theoretically based rather than practical, and I think the course needs to be specific to our environment" (Trainee 2, Tape No.28).



Notwithstanding, these unfavourable views that other trainees regarded the programme as being practically relevant. For example, one trainee put the course into context;

"I have been in this company for years and it's been constantly changing. Sometimes turmoil, and for some people, the constant change could be a shock, but for us, no. However, in a way it does prepare us to react to customers' demand" (Trainee 3, Tape No.29).

With a similar view, another trainee expressed her opinion this way;

"Yes, it would help to face change, I think a lot of managers can do a lot more training because it contributes to doing something right. I think this course could help them develop" (Trainee 1, Tape No.26).

To some extent, therefore this programme was able to develop trainees' understanding of the importance of customers. In terms of a contribution towards organisational success, a general view was;

"Yes, I do think it's a very good idea, it gives you fresh input, ...when you've been doing the same things for years, and once you've got to your niche you can then stop, and you can be very comfortable and very negative to have too many changes. In this sense, you do need something new and fresh so you are not going stagnance" (Trainee 3, Tape No.29).

Discussing a similar issue, another trainee said;

"One benefit I see from the course is that it's a good place for discussion with different people who do different jobs in the company, for example engineering department. Its interesting to discuss ways of how we solve certain problems and I think its good to exchange ideas" (Trainee 2, Tape No.28).

Thus, these illustrations indicate that the programme had a positive impact on participants.

### **9.7 Conclusion from the British Telecom Case Study Findings**

Evidence gathered from this case study leads to the conclusion that, privatisation has been the major trigger for this company to adopt TQM leading to the necessity for management training to support its implementation. The consequence of change in status has triggered in the company the need to transform structurally and culturally. This has

led to the need for managerial training. As explained in Section 9.3, the company was reorganised structurally into three customer focused units with the aimed of being customer oriented. The company changed culturally by moving from a traditionally bureaucratic-based organisation to being an excellent customer service entity. This resulted in a change in management's perception about training where company-wide management training is seen as necessary when implementing TQM. The extensive quality initiatives programmes launched by management indicated the company's recognition of the importance of training and educating the workforce in order to improve organisational performance. Evidence gathered also indicated the increasing level of commitment and support shown by every level of management to ensure effective total quality implementation. What emerged from this case study was that, although it can be seen that many positive features of the company's training practice paralleled to those suggested in the literature, there are other factors that need to be incorporated in order to bring a more significant outcomes. By incorporating these elements would provide a holistic view towards better understanding of more effective total quality training for managers. *Figure 19* identifies some of the factors that need to be inculcated in the company's practice.

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*Figure 19*

**Facilitating factors observed in the British Telecom case study that need to be incorporated in a model for understanding the development of positive features in the practice of total quality management training.**

- a more systematic approach of selecting participants for particular training course
- participants need to be clear about training objectives and understand why they need training
- middle/line management to liaise with the FMU in determining the appropriate candidate for the training course
- middle/line management need to actively follow-up by coaching and reviewing participants on what have been learnt in training
- middle/line management should liaise with trainers by providing report on the progress of training effectiveness

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These elements identified from this case study findings are important if the practice of total quality training is to bring the intended outcomes. This analysis therefore concludes that it is essential to support existing training practice with the above features if the implementing of total quality training is to be more effective.



## CHAPTER TEN

### MANAGEMENT TRAINING IN TOTAL QUALITY : REGIONAL RAILWAYS CENTRAL CASE STUDY

#### 10.0 Introduction

This chapter begins by examining British Railways' deterioration in performance and its financial problems over the past thirty years. This led the industry to heavily depend on the government's fund particularly the Public Service Obligation (PSO) grant. As a result of this, the Serpell Committee (1983) was commissioned by the Government to investigate the industry's financial crisis. The next section looks into the Government's attempt to improve the British Railways' performance where massive reorganisation was involved. This follows with an explanation on the Government's proposal in the White Paper (1992), for the privatisation of the British Railways. This caused British Rail to be divided into a number of train operating units. This study examines the (RRC) introduction of TQM in one of these units, Regional Railways Central. The section to follow discusses the introduction of total quality initiatives by the company in order to improve performance and analyses the activities being carried out by the company against the major elements identified in Chapter Four. The final section reports on fieldwork findings on training activities based on the theoretical framework in Chapter Five. The chapter concludes by identifying other facilitating factors that need to be incorporated by the company in order for the training practice in total quality to be more effective.

#### 10.1 Background of the Railways Development Leading to Privatisation

In 1948, Britain's four privately-owned railway companies, Great Western, Southern and Midlands, Scottish and London North East were consolidated and nationalised

into a single state-owned entity, called the British Railways (BR). The nationalisation of the British Railways on 1st January 1948 made it part of the British Transport Commission (BTC), a body responsible for the transport sector. This structure remained until 1st January 1963 when the Transport Act 1962 was passed to establish the British Railways Board (BRB), as a separate public corporation that took over the responsibility for the industry from BTC.

"It shall be the duty of the Railways Board in the exercise of their powers under the Act 1962 to provide railway services in Great Britain and, in connection with the provision of the railway services, to provide such other services and facilities as appear to the Board to be expedient, and to have due regard, as respects all those railway and other services and facilities, to efficiency, economy and safety of operation" (Redwood, 1980:108).

BRB had the power to determine which railway services were efficient and appropriate and which other services and facilities are surplus to requirements. After 1963, the British Rail operated at a large and increasing deficits. As can be seen from Table 10 below, British Rail was unable to reduce the deficits throughout the 1960s.

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	Working expenses (£ million)	Receipts (£ million)	Operating deficits (£ million)
1963	550	463	87
1964	542	468	73
1965	546	466	80
1966	542	464	78
1967	536	439	97
1968 (estimated)	530	430	100

Figures adapted from Reid and Allen (1970:120)

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**Table:19 British Rail Expenses and Receipts from the period 1963-68**

It can be seen that the BR operating deficits remained at an average of £86 million in the 1960s and for the last three years (1966-68), the deficits was increasing. According to some analysts (Reid and Allen, 1970; Redwood, 1980) the diminishing importance of the railway industry was due to two major factors. Firstly, there was competition from other modes of transport, in particular, the use of private and



commercial vehicles and the development of the motorway network. Secondly, the decline or slow growth of those industries like coal and steel for which the railway was the major carrier.

The rail infrastructure had remained largely unchanged since it began operation. By the 1960s it was clear that changes had to be made. Describing the situation, one manager claimed;

"By 1960, due to competition from both air and road, the losses had reached to about £75,000,000. By this stage, there was also the transitional cost of modernisation from steam to diesel and steam to electric which was inevitable" (Middle Manager 2, Tape No.32).

The Railway Modernisation Plan, proposed in 1956 but due to be implemented in 1963, was part of BR's attempt at reducing costs. This involved electrification of routes, introduction of diesel locomotives, general upgrading of stations, providing better quality rolling stock and improving the general services to compete with other modes of transportation. The 1960s also saw a major cost-cutting exercise introduced by the new Chairman, Richard Beeching, through closing down unprofitable routes (Redwood, 1980). Despite these efforts and an aggressive marketing exercise that followed, the railway's market share continued to decline as Redwood (1980) reported;

"In the period between 1956 to 1967, rail share of the total land passenger mileage had fallen from 18.3% to 9.5%, and its share of freight market as measured in tonne miles had fallen from 39.2% to 18.4%" (1980:113).

Obviously, the shrinking of the railway's market share in transportation was one major reason for its financial difficulty. This situation was complex.

"The industry was caught in a vicious circle; rising costs,...the inability to recoup costs through price changes, and the tardy action in remodelling the system - all these made rising deficits inevitable" (Reid and Allen, 1970:119).

"The inability of the industry to hold back increases in unit costs and reduce the deficit was in part a result of factors largely beyond its control. By 1967, then, the railways were still in serious financial difficulties " (Reid and Allen, 1970:122-4).



Among other factors contributing to serious financial problems were the successful union pressures for increased wages, the slow development of freightliner services, the inability to make all the cuts in the system as proposed and above all, the inability of BR to fix its own tariffs (Reid and Allen, 1970:123-4). The industry suffered losses amounting to £75,000,000 per annum in 1967, the same level of losses recorded in 1963 when the Railway Modernisation Plan was introduced (Redwood, 1980:117). The 1968 Transport Act was then enacted and it was decided that the Government has to bear the cost of unremunerative services to the public. This became known as Public Service Obligation (PSO) payment or revenue subsidies. In addition, Reid and Allen (1970:127) wrote that the Act also provided a statement on cancellation of most of the industry's outstanding debt, intended to put the railways in a position to break even by 1974.

In the early 1970s, the railways had to endure another difficult financial position stemming from economic recession, changes in government, stiff competition from motorway expansion and significant reduction in the nation's heavy industry. The Railways Act 1974 empowered the Secretary of State to pay a grant in respect of passenger services, and in return, placed an obligation on the BR. This 1974 Act required the BR to retain its level of services within a cash limit. For some years BR had no great difficulty in operating within the cash limit while continuously maintained the level of services. However, in 1981, the PSO claim to the Government exceeded the cash limit due to the combined effect of the country's economic recession and the steel strike (Nash, 1988:93). The following year, a further hike in the PSO grant was rejected by the Government. This led to the commissioning of the Serpell Committee in 1983 to investigate the whole issue of the railway finances. The Serpell Report, identified reasons for previous failures, and pointed out inefficiencies in the use of both equipment and personnel. It

recommended better rail planning for improved financial performance and proposed a clearer and consistent government policy for the railways (Prosser, 1986; Nash, 1988). As a result of the Serpell Committee Report, the Government enforced a series of stringent measure and gradual cut on the PSO, intended to improve efficiency.

This situation forced the BR to analyse the railways' operations in great detail, making improvements in the planning process and management, and seeking more effective ways to improve the financial position. Describing the situation one manager said;

"Up to late 70s the railways were geographically structured where everything was done on a hierarchical vertically integrated approach. Each region was run by a general manager, assisted by a civil manager, an operating manager and a commercial manager which very much represented the traditional organisation, virtually unchanged since 1923. It was a very large organisation and its financial fortunes had ebbed and flowed very much on par with the economy. We then were looking on ways to do things better and it was felt that geographically oriented management wouldn't necessarily do the best because of huge area and a large number of product lines. They just couldn't managed the whole things efficiently"(Middle Manager 2, Tape No.32).

In the late 1980s, under the then Chairman of British Rail, Sir Robert Reid, important changes in the way the railways was managed took place. The business was organised into sectors, concentrating on separate type of operation and simplifying the existing management structure. The result of the process was that passenger business was separated into several parts: InterCity running mainline express passenger services between major cities, Regional Railways dealing with local and commuter trains outside London, and InterNetwork S.E. managing the commuter business in and around the London area, European Passenger Services, Trainload Freight and Railfreight Distribution and Parcels. The first action taken in each of these sectors was to identify their true costs and to distinguish operations which were profitable from those which were not. This resulted in another slimming down



process where many operations regarded as running at loss were stopped.

Commenting on the outcome of the exercise, Nash (1988) writes;

"Route miles open to passenger traffic have declined a little but the number of stations has actually increased. Underlying all this is a steady improvement in labour productivity, as measured by the train miles run per member of staff...investment has recovered from the sharp decline of the early 1980s, and new rolling stock and electrification are helping to improve standards. The last few years thus appear to be a period of considerable success in terms of the specific objectives set for the Board. This success has been achieved by clearer specification of objectives, tighter financial controls and changes in management structure" (Nash, 1988:90).

Meanwhile, The Transport Bill (1981) proposed the sale of various parts of the industry. Subsidiaries of British Rail such as shipping, hotels, and road transport were transferred to a holding company, British Rail Investments, before they were sold to new owners. This resulted in the industry gradually diminishing in size and importance within the national economy. By the end of 1980s, British Rail had succeeded in meeting the Government's objectives in service provision and had strengthened its financial position. As one manager claimed;

"Reorganisation and slimming down exercise that were taking place during 80s had quite a significant effect on railway finances. The fortunes of railways improved until about 1988, which probably the best year of 1980s" (Middle Manager 2, Tape No.32).

Despite improvement in financial performance the government claimed that the Railways' service performance had still not met customer expectations thus privatisation was proposed in the early 90s (Dept. of Transport, White Paper, 1992).

#### 10.1.2 *The Department of Transport (White Paper) Report (1992)*

The Department of Transport (White Paper), July 1992 argued that deterioration in rail service would persist unless stringent measures were imposed immediately. It claimed privatising British Rail would lead to greater opportunities to cut out waste and otherwise reduce costs, without sacrificing quality. The White Paper stated;



"Regular users know that the performance of the railways is not good enough. Too frequently, and on too many lines, the quality of service fails to meet the travelling public's expectations. BR's staff and management work hard to improve services, but they are limited by the structure of the industry in the public sector...It therefore has fewer incentives to improve its performance and less freedom to respond to what the customer wants. Radical changes are needed. The Government therefore wishes to involve the private sector in the operation of the railways" (Dept. of Transport, White Paper, 1992:1-2).

The Department of Transport, White Paper (1992) made it clear that the Government was determined to see an improvement in the use made of the railways based on a higher quality of service and better value for money to the rail users. To achieve this, the White Paper (1992) argued;

"It would not be practicable to privatise BR as a single entity because its financial losses are too great" (Dept. of Transport, White Paper 1992:3)

BR was to be reorganized into business sectors each of which would be treated differently. There was no single solution to privatising these businesses. Privatisation would be based on sectorization.

### 10.1.3 *The Process of Privatising British Railways*

By April 1994, there was a major change for BR;

"a new organisational structure was introduced, in which infrastructure was separated off to form a separate company, while operations and track maintenance were split into a large number of units ready for franchising or outright privatization" (Nash and Preston, 1994: 47).

This restructuring process established a number of train operating units one of which was Regional Railways Central (RRC). As one manager points out;

"BR was split up last April (1994) into lots of small parts,...and one of them is Regional Railways Central. It was broken up ready for franchising and selling off" (Senior Manager 1, Tape No.30).

In April 1994, RRC became one of the twenty-five train operating units. It has 2,700 employees and runs Urban, Inter-Urban and Rural passenger services within West Midlands, Mid Wales, Staffordshire and parts of East Anglia. The RRC was also to, "operate many commercially unviable services in the English and Welsh counties for which a grant is paid" (Factsheets, 1994:1). Using the trains hired from Train Leasing

Companies, RRC operates its services on tracks owned by the Railtrack, another separate organisation responsible for tracks and associated infrastructure. In its effort to improve quality customer service, the company recognised the need to implement cultural change within the workforce to be an efficient customer focus. Within this context, a total quality initiative was introduced aimed at developing quality concepts for all levels of staff. The initial quality initiatives which commenced ever since the company was part of the bigger BR, saw quality consciousness communicated through corporate Quality networks, Quality Fairs, Quality Through People newsletter, and Handbook of Total Quality Management. RRC also continue to establish quality objectives particularly in areas such as train reliability, punctuality, cleanliness, and ticket office queuing. This initiative stemmed from the Passenger's Charter (1992) that outlines RRC's commitment to provide a safe, reliable and high quality service to the customer (Factsheets, 1994).

## **10.2 The Government Privatisation Initiative as an Impetus for Change**

With privatisation, one of the most fundamental elements that required immediate attention in RRC was the transformation of the old organisational culture. Reflecting on this, a survey on employees' attitude comments;

The old culture was one of security, for managers and staff alike, in knowing that no matter how badly they perform the government would be obliged to bail them out financially because of their commitment to public service...This no longer applies as all managers have performance objectives set for them which if not met can lead to dismissal through the poor performance procedure set in place in 1992. The last restructuring in 1994 has communicated to the workforce that they no longer work for the all encompassing BR organisation, however old habits die hard and there is still undercurrent of feelings that things were better in the 'old days' (Mahoney, 1994:8).

To transform itself from a nationalised monopoly to a competitive organisation and to run the services without the assistance from the BR, RRC realised the need to instigate changes and create a new commercially based culture. To achieve this, the company placed a heavy premium on communication and training. Effective communication becomes imperative, where managers, in particular, had the primary



responsibility to communicate objectives to the team. It was reported that while in the old culture communication took place in a haphazard manner, "in the changing culture, the front line manager is spending more time in communicating what the team has to do, why, when and how" (Mahoney, 1994:9). This resulted in a workforce better informed about what is expected of them and how to do it right. Parallel to the focus on communication was the preparation of employees to face the new competitive environment through training.

"We have to get all our people ready for this sort of new world, particularly the managers. They are used to working under the umbrella of BR, if they have queries they can always ask someone there. Of course, in the new scenario we will have to run our own company without the Board's assistance and for this reason a considerable amount of training is needed" (Senior Manager 1, Tape No.30).

As part of the company's strategy to communicate change to the whole workforce, all levels of managers were given training in skills such as negotiating, contracting management, teamworking, business plan, commercial awareness and finance. Underpinning this is the belief that the company has to be self-supportive in every aspects of its operation. Preparing the workforce for the new business environment was vital for its success. A new vision statement which clearly emphasised fulfilling customer and staff satisfaction was created. The statement further identifies four major Key Results Areas; namely, financial security, reliable products, safety compliance, and good reputation. These are vital elements for profit maximisation in a highly competitive environment (Central Companion, 1994). This clearly reflected the company's objectives to gain financial security in terms of improved budget, to deliver a reliable product through effective communication with passengers, to create safe working environment and to maintain good reputation through providing good and reliable products, recognised by customers, staff and opinion formers.

To achieve the vision, the company created a set of performance objectives to guide the workforce which, "emphasizes the tasks that they have to perform to do their job, gives



the managers an ownership of tasks which will lead to better performance" (Mahoney, 1994:9). Based on the standards of the performance objectives, employees are annually assessed, principally on the four Key Results Areas which stated the intended attitude for the organisation's approach in attaining the company's vision. The organisation emphasises task and teamwork achievement with continuous focus on customer needs in its endeavour to transform into the new culture. The privatisation initiative has, therefore, triggered the company to respond to the new competitive environment through providing better services, improved efficiency and greater responsiveness to passenger needs, and to match the company's ultimate objective of, "providing a service which customers want to use again and again" (Factsheets, 1994:1).

Another major change for RRC resulting from privatisation is the establishment of an independent regulator whose duties are: to issue licenses to operators; to resolve disputes, promote competition and prevent anti-competitive practices in setting the charges and abuse of monopoly power; and to oversee agreements for train operators to gain access to infrastructure, the agreements between franchisee and Franchising Authority and fares control (Glaister and Travers, 1993:22). Privatisation has also brought about competition particularly amongst the twenty-five train operating units (Glaister and Travers, 1993). Thus, in RRC;

"For one thing, with privatisation, we need different conditions of service, different ways of doing things, the need for management of change. The other thing is, we now have got to look for business to earn money" (Trainer 1, Tape No.34).

This manifests the company's recognition for radical changes, especially in management. In view of the Government initiative, the drive towards improving the standards of quality service seems essential. The then Chairman Bob Reid, and Vice Chairman Robert Horton, of British Railways stated that;

"There is one certainty however, and that is that whoever owns and manages the railway will need to understand, support and pursue Quality. The railway's customers will continue to demand Quality, and there can be no success without it" (The BRB's Quality Statement, 1988:1).

Consequently, RRC's transition to a new commercial entity has required the company to focus on efficient human resources as the driving force for better performance and success.

### 10.3 Total Quality Management Implementation in British Rail

The drive towards implementing quality initiatives in Regional Railways Central commenced in 1988, when the company was part of British Rail. Supporting this, Pendleton (1995) underlines;

"In the years immediately before privatization, 'quality' came to the forefront of management in BR. Along with safety and the skills of the workforce, quality was proclaimed as one of the three areas on which the success of BR depended. Quality of service objectives were incorporated into BR's formal objectives in 1987 (where) the Secretary of State for Transport (issued) an agreed standard on punctuality, reliability, train loading, train cleanliness and booking office queuing time..." (1995:212-5).

This distinguishes the company's Total Quality Management drive from other case studies in this research in that quality initiatives began even before privatisation was implemented. The quality drive began with the management's decision to establish three Quality goals. These were: firstly, delivering promptly the services to its customers; secondly, improving customers satisfaction while attracting other potential customers; and thirdly, operating to the maximum safety standards for both its customers and staff (The BRB Quality Statement, 1988). In its efforts to achieve these goals, the BR management had decided to join the European Foundation for Quality Management (EFQM) and adopted the European Quality Model (EQM) as the strategic framework for improving the whole business activities. It was reported in the BRB's Quality Statement that;

"As we move into a period of enormous change for the industry, we expect the model (EQM) to continue to provide us with robust guidance on designing our organisations so that we can meet customer expectations; the model will aid us in establishing our priorities and appraising our performance" (The BRB Quality Statement, 1988:8).

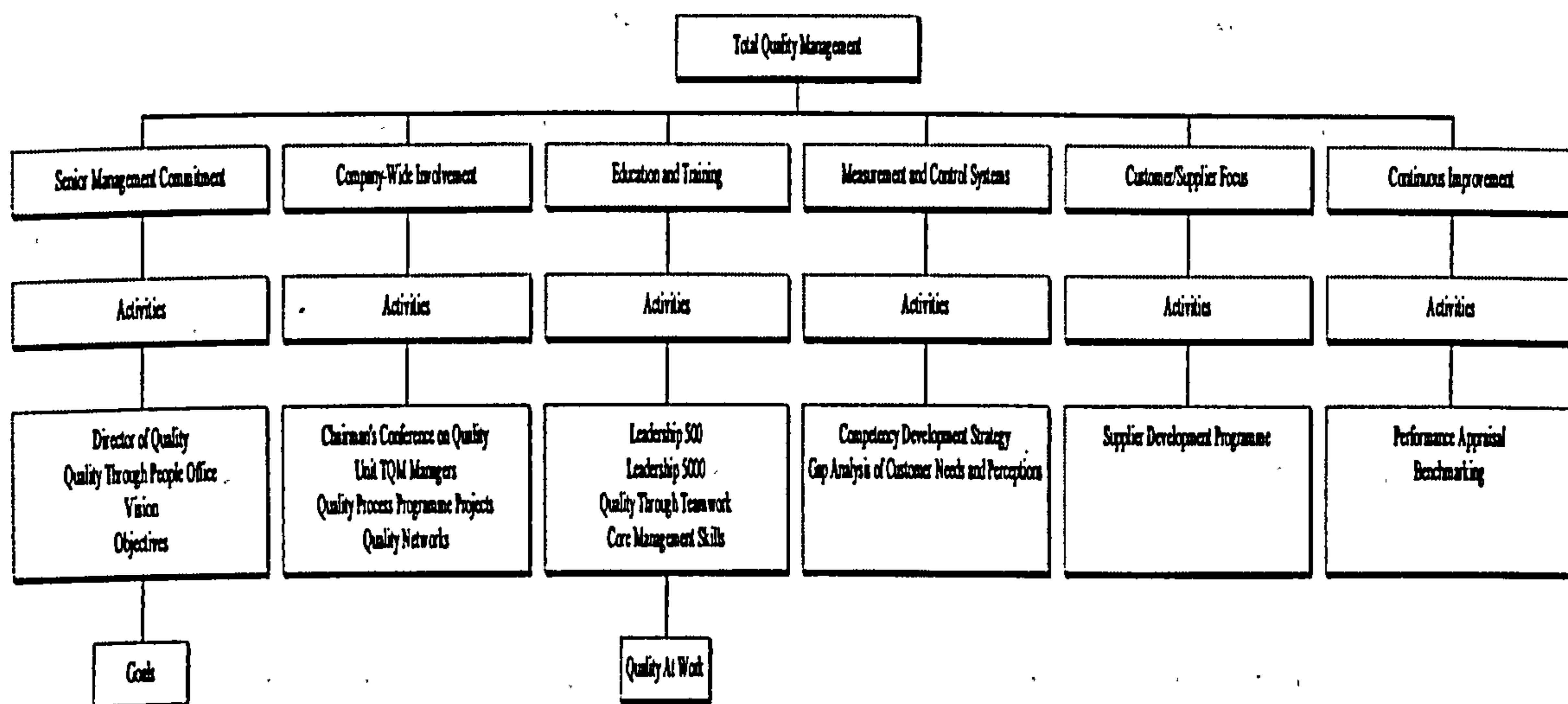
The EQM framework contained nine elements: the first five elements called "enablers" (Leadership, People Management, Policy and Strategy, Resources and Process) looked at how results were achieved while the remaining four elements termed "results" (People Satisfaction, Customer Satisfaction, Impact on Society and Business Results) look at what had been achieved. The Model was used as baseline against which to appraise the organisation's progress towards Total Quality and for continuous improvement. As stated in the Quality Report (1990);

**"The framework (EQM Model) tells us that Customer Satisfaction, People (employee) Satisfaction and Impact on Society are achieved through Leadership driving Policy and Strategy, People Management, Resources and Processes leading ultimately to excellence in Business Results" (Brooks, 1990:2).**

Based on this framework British Rail planned, executed, assessed and improved its business activities. As a result of the adoption of this model, the Quality Through People (QTP) programme was introduced by the Board and formed the company's first step towards quality. The underlying policy being BR's commitment to improving the service it offers to the customers, passengers, freight consignors and others who buy their services through TQM (The BRB Quality Statement, 1988:6).

TQM was introduced when RRC was part of the bigger BR. *Figure 20* identifies the activities being carried out by BR. These elements are: senior management commitment; company-wide employee involvement; measurement and control system; customer-supplier focus; continuous improvement and education and training.





**Figure 20 The Total Quality Management Activity in British Railways**

### 10.3.1 Senior Management Commitment to Quality Initiatives

Senior management support was mobilised through sponsoring and resourcing a series of Quality programmes and through the establishment of the Quality Through People (QTP) Office. The Office comprised a Quality Director, a Board member and a Quality Process Director. The QTP Office, was responsible for gathering information from internal and external customers concerning their requirements. It then was to set up a Quality strategy. The QTP Office was also to support, control and monitor the railway-wide Quality networks and to bring together best practice from them. This Office represented the Board's Support for Business Quality which was intended to provide a focus for corporate quality activity, a common Quality language, and benchmarking.

The establishment of EFQM Framework, discussed in Section 10.4, clearly outlines the importance of 'Leadership' as the first criteria for progress towards being a Total

Quality organisation. In this regard, all executives and managers are assumed to take the responsibility to inspire and drive Total Quality as the fundamental process for continuous improvement in the organisation. This was based on BR's perception that, 'visible involvement from all managers in leading Total Quality' was vital to 'achieve a consistent Total Quality culture' (Brooks, 1990).

In continuation of the quality drive, the management of the newly formed RRC established a vision statement that reads;

"To deliver utterly reliable products that delight our customer and provide fulfilling employment for our staff" (Central Companion, 1994:1.4).

The Vision focused on four Key Results Areas; financial security, reliable products, safety compliance and good reputation. These become pivotal points for the company in achieving Total Quality. This indicated that the senior management in RRC continuously supported the drive for quality by providing the entire workforce a clear message through the establishment of the company's vision and the Four Key Areas focused.

### 10.3.2 *Company-wide Employee Involvement*

Referring to *Figure 20*, the next major element of TQM process is the extent of company-wide activities carried out in BR. Although TQM was management driven, its installation in BR included programmes and activities for all levels of the workforce in the organisation. Within each business unit and profit centre, TQM managers were appointed to assist in the development of a customer focus. All business units and profit centres were encouraged to set up quality groups and implement their own programmes and activities that could produce practical

improvement. For instance, in RRC after privatisation, the implementation of quality initiatives was the responsibility of a Quality Manager with the assistance of a Quality System Manager, a Quality Audit Manager, Performance Co-ordinator and four Trainers. This group assisted the unit in implementing quality system as well as facilitating quality improvement teams and creating courses and activities specific to each unit's quality improvement and business needs.

Another significant element in BR's quality endeavour was the Quality Process Programme (QPP). This approach was the second stage of Quality Through People programme, launched after the initial management training cascade programme. The QPP put emphasis on performance improvement by introducing explicit and relevant performance targets which focuses on customers. From this, a total of 33 QPP projects emerged. Some of the achievements resulting from QPP implementation projects included a new method for customer survey, the development of management processes focused on the management control required to deliver customer needs, a new system to identify the basic causes of non-conformance on train routes and the use of production control techniques (The BRB Quality Statement, 1988:13).

Further encouragement for company-wide quality quest by BR's management was highlighted in the annual Chairman's Conference on Quality convened by the Chairman himself. In this event, the Board set out its policy and received reports from the Business Managing Directors and profit-centre managers about Quality Improvements in the Quality Process Programme in their respective business areas.



Overall, the emphasis on company-wide commitment to quality improvement was in line with BR's definition of TQM;

"Quality methods must be an integrated part of the whole business and every aspect of what we do needs to be aligned with our customer-focused goals" (The BRB Quality Statement, 1988:8)

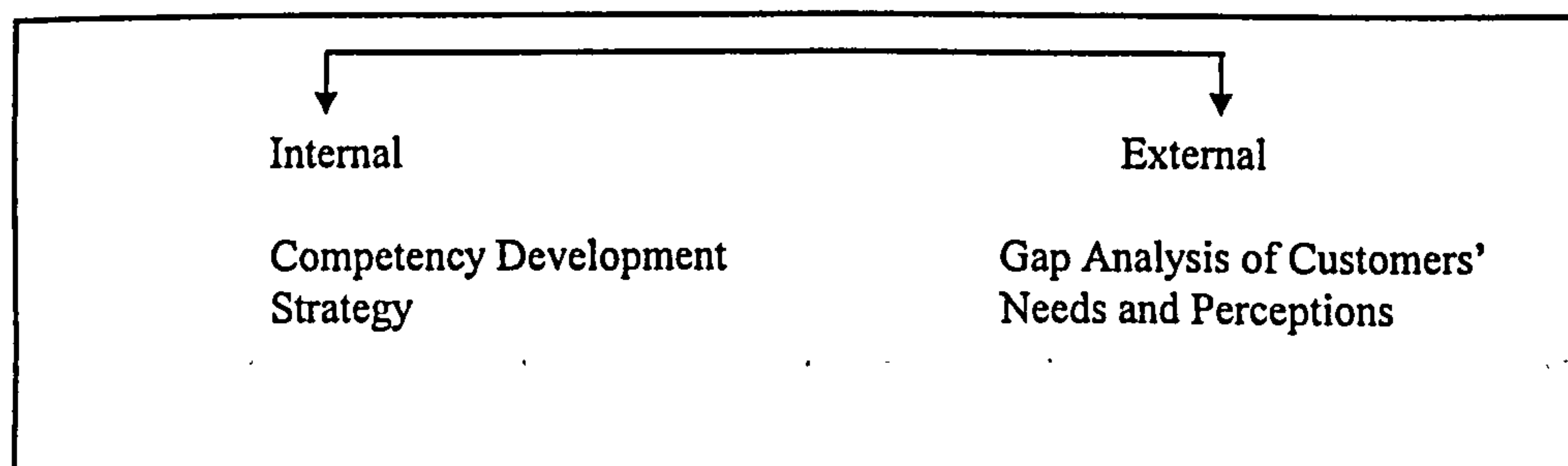
Thus, this suggests that in achieving quality, BR believed the workforce should constantly be reminded that customer must be given priority in every aspect of the company's activities.

### 10.3.3 Measurement and Control Systems

To ensure that the process of improving quality was consistently monitored and in line with BR's quality objectives, the organisation applied control and measurement systems which were the responsibility of the Quality Through People Office. This was based on the organisation's belief that;

"without measures, it is not possible to judge the effectiveness of our processes, and thus not possible to improve them in line with our customers' needs and expectations" (The BRB Quality Statement, 1988:12)

The measurement tools used to assess internal and external perception of BR's performance were the Gap Analysis of Customers' Needs and Perceptions, and the Competency Development Strategy (see *Figure 21*).



***Figure 21 Measurement and Control Systems in BR***

For internal assessment, the Competency Development Strategy was used;

“to improve the match between people and the work they do”, and “to improve both the organisation service to customers and business efficiency” (The BRB Quality Statement, 1988:18).

This resulted in the establishment of Work Standards framework to measure, manage and developing individual performance which is directly aligned to the Business Strategic framework.

For external assessment, a Gap Analysis of Customers’ Needs and Perceptions was conducted on the Euston-Birmingham-Wolverhampton route to establish;

“a picture where the most important gaps between customer expectation and delivery” (The BRB Quality Statement, 1988:14).

For example, deodorant devices were fitted in toilets by BR where customers’ reactions to this were continuously monitored. It was found from this survey that customers’ expectations of toilets cleanliness depend on its smell and condition of the floor. BR also developed database to record results from the above measurement processes. Results of these measurement processes are grouped into four: customer satisfaction, people (employees) satisfaction, impact on society and business results (financial and non-financial measures). This helps BR to determine the extent of its overall performance in terms of meeting customer and business needs.

#### 10.3.4 *Customer/Supplier Focus*

As can be seen from *Figure 20*, BR stressed the provision of quality services to external customers in terms of pursuing quality objectives for train reliability and punctuality, cleanliness, ticket office queuing, and setting up a quality commitment to

provide a safe, high quality service. After privatisation RRC clearly stated its aim, "to be the preferred choice for local and cross country journey" (Factsheets, 1994:4). To achieve this, a "Customer's Charter" was published in 1992 to inform customers of the standards set and how the company measure these standards (Factsheets, 1994:5). The BR organisation also acknowledged the importance of maintaining professional relationship with the best suppliers as they play significant role in the provision of a safe, reliable, quality railway system. It set out to ensure that the suppliers always conformed to the needs of the organisation, thus making it possible for the company to provide excellent services. RRC adopted a similar policy towards its suppliers (Brooks, 1990:3).

#### *10.3.5 Continuous Improvement*

BR regarded its Total Quality programme as crucial to its survival in the new competitive environment. This required that BR provided a high quality service by improving satisfaction of customers in all its business. This, in turn, required continuous improvement (The BRB Quality Statement, 1988). To achieve this objective, two approaches were adopted by BR: ISO 9000 and the EFQM framework discussed earlier. ISO 9000 was adopted to look from the system's perspective of quality management. It focuses on having clearly defined procedures in place to conduct all aspects of business. The EFQM Framework was to provide responsibility for people in planning, designing, implementing and measuring its efforts in the continuous improvement process. It was based on these two quality improvement processes that the company believed that the impetus created by the Quality



initiatives could be maintained. This needed, however, to be supported by training and education for the workforce.

### 10.3.6 *Education and Training*

Training, especially for managers was regarded in BR as vital to the implementation of TQM. This was evident through the immediate launching of cascade management training, the first activity from the Quality Through People (QTP) office. This particular emphasis on cascade training stemmed from BR's perception that all managers should get training in basic team-building and leadership skills, and in a variety of Quality tools and techniques. In spreading the quality doctrine to all levels in the organisation, different types of training were used for different target audiences. The cascade approach was used to introduce major total quality programmes aimed at all managerial positions. Cascade training commenced with Leadership 500 programme targeted at the top 500 senior managers, followed by Leadership 5000 programme for the next 5,000 managers. Both these programmes were five-day residential courses conducted by external providers.

Following that, Quality Through Teamwork (QTT) programme was launched aimed at all junior managers/senior supervisors and middle managers. The QTT was a three-day course in which each Team was led by a manager who had been on the Leadership 5000 course. Towards the end of 1993, some 30,000 managers and senior supervisors had undergone QTT training course. The cascade training then continued with the next stage of the programme, Quality at Work, which was targeted at the rest of the workforce. RRC continued the quality initiative by

introducing its first quality training programme called the Core Management Skills, to instigate new managerial skills especially in managing the new company after privatisation. The programme formed part of the company's Competency Development Strategy to build basic competencies needed for managers. The Core Management Skills was central to the development of management expertise in RRC.

#### **10.4 Core Management Skills : An example of a Quality Programme for Managers**

The Core Management Skills programme was first introduced in 1995 as a result of changes in the corporate business needs of RRC that stemmed from privatisation. It was the first management programme launched in RRC. Describing the need for new core management skills, one trainer stressed that;

"The new core management skills was a result of what the business needs - what we think managers will need in the new world...Also, the fact that we used new kinds of management style not authoritarian as it used to be, very much supportive. Managers need to know how to deal with change" (Trainer 1, Tape No.34).

The one-day course commenced with acquainting participants the importance of competency and skill in the workplace and the content of the Managers' Handbook. The objectives of the programme were to enable managers to use Manager' Handbook for guidance; to enable managers to identify the competencies required in the workplace; to understand Employment Law requirements and be able to correctly apply the Employee Relations Procedures. Created as part of the Competency Development Strategy of the industry's quality initiatives, the Core Management Skills programme set out three key areas standards, viz., Safety, Legal and Management Skills, which formed a mandatory set of basic competencies for managers. With the assistance from Management Charter Initiative (MCI), the company identified nine core competencies: Safety, Performance Appraisal, Recruitment and Selection, Equal



Opportunities, Disciplinary and Grievance, Teamwork, Counselling, Harassment, and Bargaining.

The Safety competence was to ensure that the working environment was safe, that a sufficient supply of resources was available to satisfy current legislation and organisational guidelines, and to give relevant skills in handling safety matters. The Performance Appraisal was to ensure that the aims and objectives of the organisation were cascaded and managers understood the processes, timescales and responsibilities involved in the Performance Management Procedure. Recruitment and Selection aimed at providing managers skills needed in preparing and conducting recruitment and selection activities while securing fairness, consistency and clarity in the process. In Equal Opportunities, the underpinning knowledge and skills stressed related to organisational policy and procedures. Disciplinary and Grievance covered the pertinent knowledge, understanding and skills in handling these processes. In dealing with harassment problems, managers were trained in relevant organisational policy and procedures, implementing the disciplinary procedure, what constitutes harassment and how to deal with it effectively. Teamwork focused on team building development plans for improving current and anticipated work and setting development objectives. Counselling dealt with how to conduct effective counselling in accordance to organisational policy and referral system. In Bargaining, managers were to be competent in negotiating, keeping records of proceedings and outcomes, understanding roles and behaviour of people within meetings and strategies for achieving a win/win situation. In essence, these competencies clearly reflected the organisation's current business needs. Relating the Core Management Skills programme to privatisation, one trainer said;

"Managers are managing people, they have people working for them, and in this company it is driven from top-down. With privatisation, they need to deal with change, supportive to the feeling of staff in facing change and communicate change effectively. Management decided that managers have to develop competencies in key areas, which we identify nine, selected from MCI, that we



feel beneficial to our organisation and good for business ultimately" (Trainer 1, Tape No.34).

The Core Management Skills programme was important for moving managers from the old authoritarian management style to the emerging new participative style of management. Taking this Core Management training programme as an example, the following section reports on the implementation of the programme.

### **10.5 The Context of Training in RRC: The Core Management Skills**

This section discusses the issues surrounding training practices used on the Core Management Skills programme for managers. The issues identified were as follows: factors influencing training provision; the process of performing training needs analysis; aspects of designing the programme; the implementation process; and the process of evaluating training effectiveness. This section begins by identifying the role of training function in implementing total quality.

#### ***10.5.1 The RRC's Training Function Role in Implementing Total Quality Training***

The importance of the training function in developing the workforce after the company was privatised was obvious. A considerable amount of training was needed, especially for the management team who played a significant role in the company in areas like negotiating, financial, teamwork, and contracting. In RRC, the training function was the responsibility of the Training and Development Centre. Subsumed under the Personnel Department, the Training and Development Centre operated with twelve people and was responsible for quality training. The objective of which was;

"to promote the development for all supervisors and managers within the corporation by adopting competence based approach" (Senior Manager 1, Tape No.30).

The Centre started operation in 1994. Its staff were responsible for preparing the training plan and objectives to support a framework to achieve the company's goals. Career counselling was also made available by the Centre to help employees gain a clearer understanding of their abilities in relation to their work. Besides conducting specific quality training courses which were being devised to meet current needs and demand, the Training Centre also delivered learning events which covered a wide range of skills such as Time Management, Presentation and Letter Writing.

The Centre was also responsible for providing a Training Profile which listed all posts within RRC, stating the knowledge and technical skills needed for a particular position. The Training Profile provided information on employees' career planning and progression and served as guidelines for managers and other staff what was expected from them. Table:20 shows the summary of findings on the issue of management involvement in the training function..

Factors Influencing Training Provision	Senior Manager 1	Middle Manager 1
Top management support in training function	Our training programme cascade throughout the organisation starting from the top. They have attended the quality programme then bring their teams and participate as teamleaders.	Yes, training forms part of the business plan. Top management support by attending programme run at this centre.
Middle and line management involvement in training function	All managers and supervisors are trained in Training and Development scheme, in interviewing and discussing, and use these skills in the appraisal procedure.	They are responsible for staff's training and development. Part of training needs analysis is taken from performance appraisal where managers provide information on staff's training and development needs.
Training logistics/facilities available	We need improvement in facilities. We need more classrooms, conducive enough for our activities, where people are comfortable to speak up.	Training facilities is the key factor for success. We are trying to provide enough facility for trainees and trainers to make programme effective and efficient. What we have now is inadequate and improper.

**Table: 20 Summary of evidence about factors influencing training provision in RRC**



### 10.5.1.1 *The Senior Management Role in Quality Training Function*

As suggested in the training literature discussed in Chapter Five, senior management support for and involvement in the quality training function is crucial if investment in training is to yield maximum return. In RRC, senior management involvement in quality training was through sponsoring and resourcing a series of programmes and development activities to help meet the corporation's goals. Senior management was also responsible for planning and making policies for total quality training. As revealed by one manager;

"Our Quality Director, with the assistance of a Quality Manager, makes quality policies, process mapping and together they carry out quality plans for the company" (Middle Manager 3, Tape No.33).

The Quality Director was responsible for planning and initiating quality programmes in RRC. He worked closely with the Personnel and Development Manager in producing plans for Quality training and development for the entire workforce.

The drive for TQM also demanded not only continuous support from top management, but also a visible exercise of quality leadership to instil a quality culture in the company. To do this, senior management realised that they must first acquire a full understanding of the principles and techniques of TQM before leading others. This, therefore, necessitated the need for training. One manager noted;

"Our training programmes cascade throughout the organisation starting from the top. For example, we have a Total Quality Management Programme where the top management have to attend in the first place, and after completing the course they are to bring their teams and participate as teamleaders" (Middle Manager 3, Tape No.33).

In other words, to exercise the role as teamleaders, it is imperative that top management should first have a clear understanding of the contents and objectives of the course, experience the actual process of training and recognised that they are responsible for guiding their teams not only during the course but also at the workplace. The company believed that without having senior management involvement, implementing TQM may not be effective. Besides leading people for



continuous improvement, the senior management was also responsible for developing objectives at all levels in the organisation in pursuance of the corporate goals. It was reported in the company's Central Companion Handbook (1994) that the Directors were to draw up organisational objectives twice a year. Managers will then communicate these objectives to their people. The Directors also attended monthly team briefing session with managers and supervisors to discuss information on objectives, strategies, events and work matters. The effect of this senior management participation not only boosted the employees' motivation by improving the communication channel, but more important, helped them to understand better the problems faced by their subordinates and sometimes to resolve some of the issues immediately.

#### 10.5.1.2 *Middle and Line Management Role in Quality Training Function*

Summary from interviews with the respondents (Table:20), reveals considerable involvement from middle and line management in the training function. To encourage staff development, the middle and line managers were expected to be familiar with the company's training profile which provided information on the posts under their responsibilities and to be able to identify areas that need attention. As part of the development process, the middle and line managers were to discuss and plan with individuals, about their training needs and possible career development. These managers were also being trained to carry out appraisal system. Speaking about appraisal, one senior manager noted;

"All managers and supervisors have been trained in Training and Development Scheme in interviewing and discussing skills where they are to use these skills in the appraisal procedure to identify needs for current and future duties" (Senior Manager 1, Tape No.30).

The Performance Appraisal also required managers to cascade related objectives from the Directors, assess the achievement of previous objectives, set the new objectives in terms of how each individual can contribute to the overall goals and

finally conduct a training and development review. Moreover, the middle and line management were to inform their staff on any development opportunities and encouraged them to participate, and to pay staff to get certifications from specific professional body for example, City and Guilds, if these were required for their jobs.

When asked about the availability of training resources/facilities to conduct this particular programme, findings from interviews indicated these were not ideal. As one manager revealed;

"Training facilities is one of the key factors for success. We are trying to provide enough facilities for trainees and trainers, to make the programme effective and efficient. What we have now is inadequate and improper. Training rooms are scattered in several floors in this building while accommodation is in another building several blocks away. These have caused inconvenience and we have received complaints on several occasions" (Middle Manager 1, Tape No.31).

Another senior manager expressed her view on the current condition of the classrooms thus;

"I think we need improvement in facilities. We need more classrooms, that are conducive enough for our activities, where people are comfortable to speak up. The facilities need expansion for the convenience of participants. In terms of equipment, yes, it is sufficient for now. The resource centre contains good material, certainly we can make it better if we got adequate financial resource" (Senior Manager 1, Tape No.30).

These comments indicate that there is a need for a better training environment, but its contribution towards motivating and enhancing learning effectiveness has not being given adequate attention.

### 10.5.2 *The Training Needs Analysis*

One of the most important steps in training process is a comprehensive and systematic training needs analysis (TNA) which provides a basic foundation for the succeeding steps in training. Table:21 summarised the evidence on the company's practice of analysing training needs.



Principles of TNA	Trainer 1	Trainer 2	Trainer 3
Perform TNA	Yes, we conduct TNA but not formally and systematically.	We try to find out what they need, what skills and experience they have, and how to fill the gap in between.	We do not carry out in a formal way, but we do look at job requirements.
How TNA done	We did some kind of brainstorming, and interviews with some people.	We have discussions, team briefing, specific to railway problems and come up with a list of needs.	We look into what the individual really need.
Committee/body assign	No, we don't have a formal body.	There's no formal committee for this.	No, we have been assigned to do this individually.

**Table: 21 Summary of evidence on training needs analysis in RRC**

Although the importance of having a formal and systematic assessment of training needs has been recognised in RRC, a formal TNA was not carried out. As one trainer described the practice;

"Yes, we conduct the TNA but not formally and systematically which we should. The only kind of analysis is, we speak to some people who need training, research through books, look at some data and do a brainstorming session to discuss the content and how best to meet the needs" (Trainer 1, Tape No.34).

Another trainer provided a further insight;

"We have the organisational and individual's objectives to look into. In conducting TNA, we try to find out what they really need, what skills and experience they now have, how to fill the gap in between. We do consider job requirements and competencies needed" (Trainer 2, Tape No.35).

This implies that TNA in RRC is relatively informal and unsystematic although there are some attempts made to assess the gap between job requirements and the skills/knowledge the individual possessed. Assessing of the training needs by means of brainstorming session and researching through books is less rigorous process than it should be and RRC appeared to have no formal structure to monitor TNA. As one trainer commented;

"We have been assigned to this individually. We don't have a real committee that is involved in TNA" (Trainer 3, Tape No.36).



### 10.5.3 *Designing the Programme*

Overall response summarised in Table:22 indicate that the process of designing was subjected to the company's meeting the individual needs and the organisation's objectives. Such practice was explained by one trainer this way;

"After TNA we decide key areas of competence our managers needs and we link that to our organisation's objectives. Because we focus on MCI competencies and they have accurate and comprehensive guidelines about stages necessary for imparting knowledge, we based our programme on that. It is all straight forward and they provide all the answers" (Trainer 2, Tape No.35).

To the same question, another trainer said;

"We have the MCI competency guidelines, but we don't follow everything because some are not practical. We set our own standard according to the needs and main basis of the organisation. We design according to our training manual" (Trainer 3, Tape No.36).

These comments suggest that although the generic competencies prepared by Management Charter Initiative (MCI) formed the general guidelines for designing the Core Management Programme, the company did not subscribe to this competency model completely.

Principles of Designing	Trainer 1	Trainer 2	Trainer 3
How designed	We decide key areas of competence our managers need and we link that to our organisation.	After deciding our needs, we list out the knowledge necessary for each other. We then set objectives, duration, materials, environment, etc.	We got lots of input, manual and experience. We set our own standard according to the need and main basis of the organisation. We design according to training manual.
Committee or board to design	No, we don't have.	No, it is designed by the individual trainer.	We design individually. Sometimes we work with colleagues.
Modify programme to suit current need	Yes, we modify according to current needs, based on request, or if something is found not working. It covers delivery and contents.	Yes, we do feedback sessions to revise our methods. Recommendations may be used to change some aspects in future programme.	Yes, because things change, if something has not worked well with particular group, trainers have to be constantly aware of this and modify to suit the situation.
pilot test	No, but we constantly evaluate all programmes and make necessary changes if needed.	Once written, we circulate the programme around, discuss and we try them out with the first batch.	We implement the programme straight away and this first batch is encouraged to comment and make suggestions.

**Table: 22 Summary of evidence about the process of designing in RRC**

Such practice of modifying the proposed MCI model by the company indicated that it was too 'universal' to be accepted as argued by some (e.g. Wilson, 1992). Thus, findings from this company revealed that some competencies were not relevant and were impractical for its managers. When asked on whether a committee was assigned to monitor the designing of the course, the responses from the three respondents were negative. Commenting on this, one trainer reported;

"There is no committee for this. We design individually and sometimes with colleagues, on the topic of our expertise. Then we have somebody to look through the draft, but this is not formally done" (Trainer 3, Tape No.36).

Despite the advantage that having a committee to design could enrich the programme content, the company practice depends on someone to verify programmes informally following the designing by an individual. Nor were these courses piloted prior to implementation. This was illustrated by one trainer;



"There is no formal pilot testing, but we try out the programme with selected people. We implement it straight away with the first batch. As the programme was being delivered for the first time, we constantly make the candidates aware on this and encourage them to comment and make suggestions " (Trainer 3, Tape No.36).

Another trainer explained;

"Once written, we circulate the programme around to other trainers, discussing with them. Then we try out to the first batch" (Trainer 2, Tape No.35).

This again indicates an area of potential weakness in programme design. Such possible weaknesses may only emerge during implementation.

On question regarding the programme's flexibility to respond to changes, the three respondents agreed that if modification to the programme were deemed necessary, this would be done. Explaining this, one trainer said;

"Yes, we do some modifications according to current need, based on request. We trainers have to continuously change to meet the needs of the group, whether it be on the content or the delivery. For example, if there is new legislation, we might include that in the programme and we sometimes get an expert to handle discussions on certain subjects" (Trainer 1, Tape No.34).

This suggests that the company continuously reviewed the programme content in order to keep abreast with the current needs of the target group. Such practice reflected that these trainers were concerned about the content that had to be consistent with the current needs of the organisation.

#### *10.5.4 Implementing the Core Management Skills Programme*

The way any training programme is implemented has a profound effect on learning effectiveness and on the impact of the overall training. The issues to be discussed under this sub-headings are the process of selecting participants and nature of delivering the programme.



Implementing the Programme	Trainer 1	Trainer 2	Trainer 3
Selection of trainees	Can be chosen by managers or participant volunteer or we (trainers) could say to management that the course is beneficial to their people and request them to attend.	There are 3 ways of selecting trainees. First we dictate. Second, we send notes to all line managers so they can nominate people. Third, trainees can also request for training if they feel they need training.	It can be from their managers, or candidate's initiative, then we (training centre) select.
Trainers qualifications	Basically, our trainers have the background knowledge. We recently asked them to be able to do Institute of Personnel Management (IPM) training qualifications.	We have different background and experience. The experience I have in the past as a manager and supervisor is very useful and I tend to use them as examples.	Have the training experience, background and knowledge. We are required to have the necessary qualifications.
Uniformity of delivering	We remind them of key points and training objectives.	We have a manual and all trainers stick to this.	We have to use the training manual.

**Table:23 Summary of evidence about implementation process in RRC**

The process of identifying candidates for this course can vary (see Table:23). One trainer described the process thus;

“There are three ways. First, we dictate, and this is very straight forward. We look at their levels and for each level there is separate areas that needs specific underpinning knowledge and competence. Second, we send notes to all line managers, so they can nominate people. Third, trainees can also request from their line managers to go for training if they feel they need training” (Trainer 2, Tape No.35).

Although these were the methods described, the common selection procedure was for the people at the training centre to communicate with the line managers in order to gain their approval in releasing their staff. In addition, the Training and Development Centre staff selected candidates from the list of applicants they received and ensured that they had the necessary qualifications to attend the particular course. However, further probing revealed some weaknesses in the company’s practice of having candidates for this course. This situation was cited as

one factor which directly hampered training to be less effective. Commenting on the situation, one trainer stressed that;

"Sometimes participants feel this course is not suitable for them when they come to training because maybe management sees something different from what we described or the level is too low. There are cases where candidates failed to attend because they put priority on their jobs, where they got some incentives. We also have problems in terms of release, because the programme is only optional, not mandatory. There are instances that when the work schedule is too tight, the managers will not release their staff" (Trainer 1, Tape No.34).

The above remark signals the need to provide clearer information on courses offered and to improve general awareness of the benefits of training. To overcome such problems, trainers suggested making training mandatory, providing incentives in terms of recognition, certification, promotion or monetary incentives, and increasing line managers' awareness on the significance of training for individual and organisational development. Perhaps the lack of a pre-briefing session contributes to a situation in which training has a relatively low priority. This was mentioned by a trainee who said;

"There is no pre-briefing procedure. We are made aware of the course objectives and have somekind of pre-interview with our head of section, to discuss what it is and what they expect of us" (Trainee 1).

On trainers' qualifications, responses received (see Table:23) revealed that every trainer was selected on qualifications and experience. However, due to the need to respond to the current demand, they are encouraged to further upgrade their capabilities. As one trainer illustrated;

"Basically, our trainers have the background knowledge. We recently ask them to be able to do Institute of Personnel Management (IPM) training qualification. If they are still not qualified, they certainly need to work for it. They need qualification in design, delivering and achieve national award recognition and qualification. Some of them have management experience" (Trainer 1, Tape No.34).

Another trainer relates that his past experience as a manager and part-time trainer provides considerable advantage in his profession.



"We have different background and experience. The experience I have in the past as a manager and supervisor is very useful and I tend to use them as examples. I've been in training department for almost two years now but before, I was a part-time trainer, which in fact prepare me for this job" (Trainer 2, Tape No.35).

These comments reflect that the company was intent on having qualified trainers. This has much to do with maintaining effective learning which was greatly influenced by the way the programme was delivered:

In delivering the programme, the instructional methods deployed includes interactive lecture, case study presentation and role play. As one trainer described the method;

"It's like a lecture with interactive communication, group work, and sometimes they might have to go away to do project in real work setting" (Trainer 1, Tape No.34).

In addition, printed documents were also made available to the trainees. Personal observation revealed that method of delivering was aided by a combination of a teaching equipment such as OHP, flipchart, whiteboard, and video screening. To secure uniformity in delivering the programme, it was reported from the interviews that a standard manual was used as a reference to provide keypoints and objectives of the course. This was stressed by one trainer who claimed that;

"We have manual and all trainers stick to this. Although we have different background and experience and may try different styles according to our strongest areas in approaching the group, the ends and objectives remain unchanged. There may be variations but we try to deliver the most from the manual" (Trainer 2, Tape No.35).

On a general account, the respondents argued that although there were variations in delivering subjected to trainer's style, approach and experience, this was less evident in terms of the programme contents and objectives where a standard manual was used.

#### *10.5.5 The Evaluation of the Core Management Programme*

Table:24 summarises the evidence of findings from three respondents. The general pattern of responses clearly shows that the evaluation process to assess whether training has achieved its intended objectives was carried out in three stages.



Principles of Evaluation	Trainer 1	Trainer 2	Trainer 3
Formalised method to evaluate	The delegates had to complete an evaluation form upon completion of the programme. Six weeks later, post-evaluation questionnaires.	We have three stages, first stage before the course, then at the end of the course, and the final one six weeks after the course.	We have informal evaluation throughout the session and formal evaluation at the end of training session, and then about six weeks later.
Standard method to evaluate	Yes, using evaluation form from the evaluation board.	There are standard forms for every stages.	The evaluation form used is standardised
Outcome of result from evaluation	Reports will be made on whether training objectives are met including recommendations.	Reports are based on feedback and some recommendations for future programme.	All comments of individuals are taken into account and used in designing.
Training programme achieves its objectives	We have just started the programme, it is difficult to say now.	Yes, some objectives are achieved but some others may be too ambitious and not realistic.	Yes, through looking at performance appraisal, they certainly follow what we taught.
Training programme achieves organisational objectives	We adopt the MCI model based on quality approach and that exactly reflect the organisational goals. We do get some good reports.	MCI relate directly to the goals because it is based on quality approach which exactly the organisational goals	Yes, the fact that we're now on profit course, they do link it back to the workplace.

**Table:24 Summary of evidence on evaluation process in RRC**

One trainer reported on the stages of evaluation this way;

"We have three stages of evaluation. The first stage is before the course. We send them (trainees) a form which contains the programme's content and objectives and ask them to include any of their expectations and objectives from the programme. Second, on the course, which basically on what they thought they've learned and whether their expectations are met. Finally, six weeks later, on the benefits of the course to their job, and if not, what are the issues arise" (Trainer 2, Tape No.35).

This description suggested that a pre-training evaluation was conducted before attending the course where trainees were required to complete a form specifying their expectations and objectives on the programme. The second stage of evaluation was done immediately at the end of a training session to determine the extent of knowledge and skills imparted during training, while the final evaluation was done six weeks later to identify whether training has brought about benefit in terms of job

application. On a similar account, another trainer gave an equally clear view of this process;

"The delegates had to complete an evaluation form upon completion of the programme. Six weeks later both the delegates and delegate's manager complete a post-evaluation questionnaire to determine if the knowledge, skills and understanding learned on the development programme have been transferred to workplace" (Trainer 1, Tape No.34).

In spite of this, however, the involvement required from line managers to reinforce evaluation after training in order for trainees to demonstrate and apply what has been taught caused problems. As one trainer commented;

"Yes, there is a post-training evaluation, but only once, that is, six weeks after the programme. The Centre is only responsible in giving them training and few evaluations. After that, perhaps, the line managers could help, and informally we get feedback from them" (Trainer 2, Tape No.35).

This clearly implied that the practice of post-training evaluation was not seen important by the management and its reinforcement largely depends on the voluntary effort of the line managers. Evaluation during training was far more formal although one trainer expressed dissatisfaction about this;

"At the end of the training session we have some kind of review on what has been learned. There's a form at the end, just simple questions, five tick boxes and lines for comments" (Trainer 3, Tape No.36).

This comment illustrated that the evaluation is very limited. Thus, the validity of the results from this evaluation remain to be justified. The importance of comprehensive evaluation was made clear by the same trainer who argued;

"Evaluation could improve overall performance in training. Through constant evaluation, all comments of individuals are taken into account and referred to in the next process of designing" (Trainer 3, Tape No.36).

Perhaps it is not surprising, therefore, that findings on the outcomes of training in terms of achieving its objectives, indicated a variation of views. For example, one trainer confessed that it was too early to judge the outcomes and that more time was needed to determine whether it had attained its objectives. Another trainer provided a more optimistic view;



"Yes, I believe it meets the objectives because through performance appraisal, even though there's no specific evaluation on that, we know that they follow what we taught and their performances are continuously being monitored through the appraisal" (Trainer 3, Tape No.36).

However, a third view revealed the need to set a more realistic and attainable objectives;

"Yes, I think some objectives are achieved but some others may be too ambitious and not realistic, which are difficult to acquire and to see. In general, yes, they are very keen to practice what they have learned from the programme at work. I couldn't comment for the long term benefit" (Trainer 2, Tape No.35).

Efforts made to assess individual trainee's performance especially by the use of performance appraisal, indicate a high level of success. When asked about the contribution of training to achieving organisational goals and objectives, one trainer gave her view this way;

"Yes, training objectives do link to organisational objectives. The fact that we are now on profit course, they (trainees) do link it back to the workplace. When they go back to work, they have the confidence to negotiate, lead the team, and practise those skills learned from training" (Trainer 3, Tape No.36).

Another trainer viewed the issue from a different perspective as he said;

"We adopt the MCI competency model which is based on quality approach and that exactly reflect the organisational goals. We do get some good reports on those who have undergone management course based on the quality projects that were set from the training course. It could be shown by improvement in job performance, lower absenteeism, reduce turnover, staff retention and higher level of skills. Although it is tangible to say the benefits is directly from training, I believe that training does make substantial contribution to organisational success" (Trainer 1, Tape No.34).

These optimistic perceptions from trainers' standpoint are based on the progress reports received and suggest that training likely to bring positive benefits for the (trainees) employees in terms of their job performance although clear evidence of this was hard to find. To assess the validity of the programme, it was also important to consider perceptions from the trainees' standpoint.



### 10.5.6 Trainees' Perceptions of the Core Management Skills

Table:25 provides the summary of evidence gathered from the perceptions of two trainees about the usefulness of this programme for them.. The overall tenor of responses from the two trainees, recognised the importance of the Core Management Skills programme. Both responses indicated some positive outcomes from the course. The benefits cited were an increase in self-awareness, motivation and competence to perform the job better.

Trainees' perceptions of the programme	Trainee 1	Trainee 2
Training programme increase self-awareness and motivation	On the whole, yes, although some materials may serve as a refresher. In reference to motivation, it is an incentive to achieve a competency certificate.	Yes, some of us are already competent but it is good to have something to remind us on how to improve performance.
Provide opportunities to learn and influence his work	Yes, it provides a firm foundation when applying skills in real situation.	Yes, now working to better defined and understood guidelines.
Application to job setting	With new knowledge and skills. there is a definite improvement in safety standards.	Yes, the skills make one more sensitive to potential problems and help one to take preventive action.
Prepare for external change	The skills taught can be applied to external environmental changes and assist my reaction to them.	Yes, it develops new ways of thinking.
Training achieve its objectives	The course achieve its objectives on the whole, however more focus needs to be given to individuals and backgrounds. More research needs to be done on delegates' work environment.	Generally the course achieved its objectives, but not all.
Consider for future challenge	Training develop staff to their full potential in terms of efficiency, effectiveness and flexibility.	Yes, without doubt, better training can lead to better results.
Contribution to organisational success	It's yet to see. But, the objectives fit into the Business Key Result Areas e.g. Financial Security, Good Reputation, Safety, Reliability, and Commercialisation.	For improve in performance, we need better training to bring better results for the company

**Table:25 Summary of evidence about trainees' perception of the Core Management Skills programme in RRC**

One trainee noted that training has boosted his personal motivation;

"On the whole yes, there will always be areas that people are already competent and therefore some materials may serve only as refresher. In reference to motivation it is an incentive to achieve a competency certificate to prove you are able to carry out your duties" (Trainee 1).

This remark suggests that although the course was seen useful to him, the course needed to be revised so as not to cover areas in which participants were already competent. What motivated him most, clearly, this course was seen as a way of gaining an award for recognition of being competent to do the job rather than actually improving his performance. In response to another question on providing opportunities to learn and influence his work the same trainee replied;

"Yes, it provides a firm foundation on which to build when applying skills in a real life situation. In addition the role plays and the interaction with members of other departments add to the experience and knowledge in a memorable and enjoyable way" (Trainee 1 ).

While gaining knowledge and skills was necessary for job application, of most important to this trainee was that the training was an opportunity for sharing experiences with colleagues. In exploring further what has been acquired from the course could be applied to work setting, another trainee explained;

"Yes, the Counselling and Equal Opportunities skills make one more sensitive to potential problems and help one to take preventive action. The training helps to focus one's experience and increases sensitivity. The most immediate useful and applicable skill is that dealing with Performance Appraisal " (Trainee 2).

While the other trainee provided his view on this programme from a more general perspective;

"With better knowledge and skills, there is a definite improvement in safety standards" (Trainee 1).

Both trainees seemed to agree that skills acquired from training has developed them to be more prepared and be sensitive to the kind of environment they will be facing. However, one trainee argued that for training to contribute towards enhancing performance, better training programme is needed. This implied that overall the



programme was perceived to be less effective in enhancing performance. The need for better training was stressed by another trainee;

"absolutely, it is critical to invest in training as it develops staff to their full potential in terms of their efficiency, effectiveness and flexibility. Whilst many managers may have many of the skills via academic qualifications, it is nonetheless worth to enhance these to meet the vocational benchmarks the company has set. In fact it could make managers more alert of these standards and on current and future issues" (Trainee 1).

There are some positive outcomes from this programme, but there is also evidence that revisions are necessary. As the same trainee explained;

"I believe the course achieved its objectives on the whole. However more focus needs to be given to individuals and backgrounds. More research needs to be done in regard to the delegate's work environment and experience in order to fine tune the training presentation and focus to best benefit the audience attending" (Trainee 1).

There are similar comments from trainees on whether training achieves the intended organisational goals. As one trainee said;

"For improvement in performance, we need better training to bring better results for the company" (Trainee 2).

Similarly, another trainee replied;

"It's yet to be seen. But, the objectives fit into the Business Key Results Areas, e.g. Financial Security, Good Reputation, Safety, Reliability and Commercialisation" (Trainee 1).

Although the organisational goals was reflected in the training objectives, these comments suggested that there was room for improvement. Possibly the inadequate needs assessment did not allow training to be tailored to meet individual and organisational needs. Aspects of designing, delivering and evaluating the course also require attention. This could generate improvement to the company's practice if training is to be more effective.



## **10.6 Conclusion from the Regional Railways Central Case Study Findings**

In conclusion, evidence from this case study clearly supports the assertion that management training has become imperative as a consequence of the company being privatised and adopting of TQM. Privatisation has been the major trigger for changes in the company, structurally and culturally, thus necessitating the need to develop managers through training. Although TQM was started even before the company was privatised, the process of transformation into a newly privatised corporation has demanded that the company increase its effort towards continuous quality improvement in order to become competitive and more customer focused. In this light, the case study supports the notion that there has been an increase in awareness for company-wide quality training especially for managers. Findings reveal that training is not only perceived as staff development issue but also as an important total quality implementation tool.

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### ***Figure 22***

**Facilitating factors observed in the Regional Railways Central case study that need to be inculcated in a model for understanding the development of a good management quality training practice.**

- a more visible and continuous support from top management in training function and to drive TQM implementation continuously
  - line and middle management be more active involved in training function
  - management to create supportive environment in implementing TQM
  - line and middle management to liaise with training personnel in their staff training, especially in providing feedback through post-training evaluation on course relevancy to work setting
  - comprehensive and systematic method of analysing training needs involving other representatives, e.g. line management
  - a formal pre-briefing session for trainees
  - a committee to design and validate the training programme
  - proper piloting of the programme
  - the need for an increase awareness on the importance and benefits of training
  - provision of adequate and conducive training facilities and infrastructure
  - reviewing of training effectiveness and programme improvement
-

It is also suggested from this case study findings that TQM implementation through training must be based on a more effective practice in which those factors listed in *Figure 22* are incorporated into improving existing practice. There are some positive elements in the company's training practice. However, incorporating elements shown in *Figure 22* may lead to more effective quality management training in the company. These elements of training practice clearly identified from the case study findings were seen essential should total quality training is to promote to more effective results.

## CHAPTER ELEVEN

# TOWARDS AN UNDERSTANDING OF TRAINING PRACTICE IN TOTAL QUALITY FOR MANAGEMENT

### 11.0 Introduction

This chapter presents the Management Training in Total Quality (MTTQ) model for total quality training for managers. It is designed as a comprehensive model suggesting that all of its elements need to be in place for successful management training within the NPCs. This is followed with a description of the performance criteria (where appropriate) essential for each major feature of the model. The next section discusses the validity of the model which is tested through a comparative analysis of the training practice in the four NPCs under study. The final section suggests that all of the identified training elements need to be effectively performed if training is to have a tangible and positive effect on organisational performance.

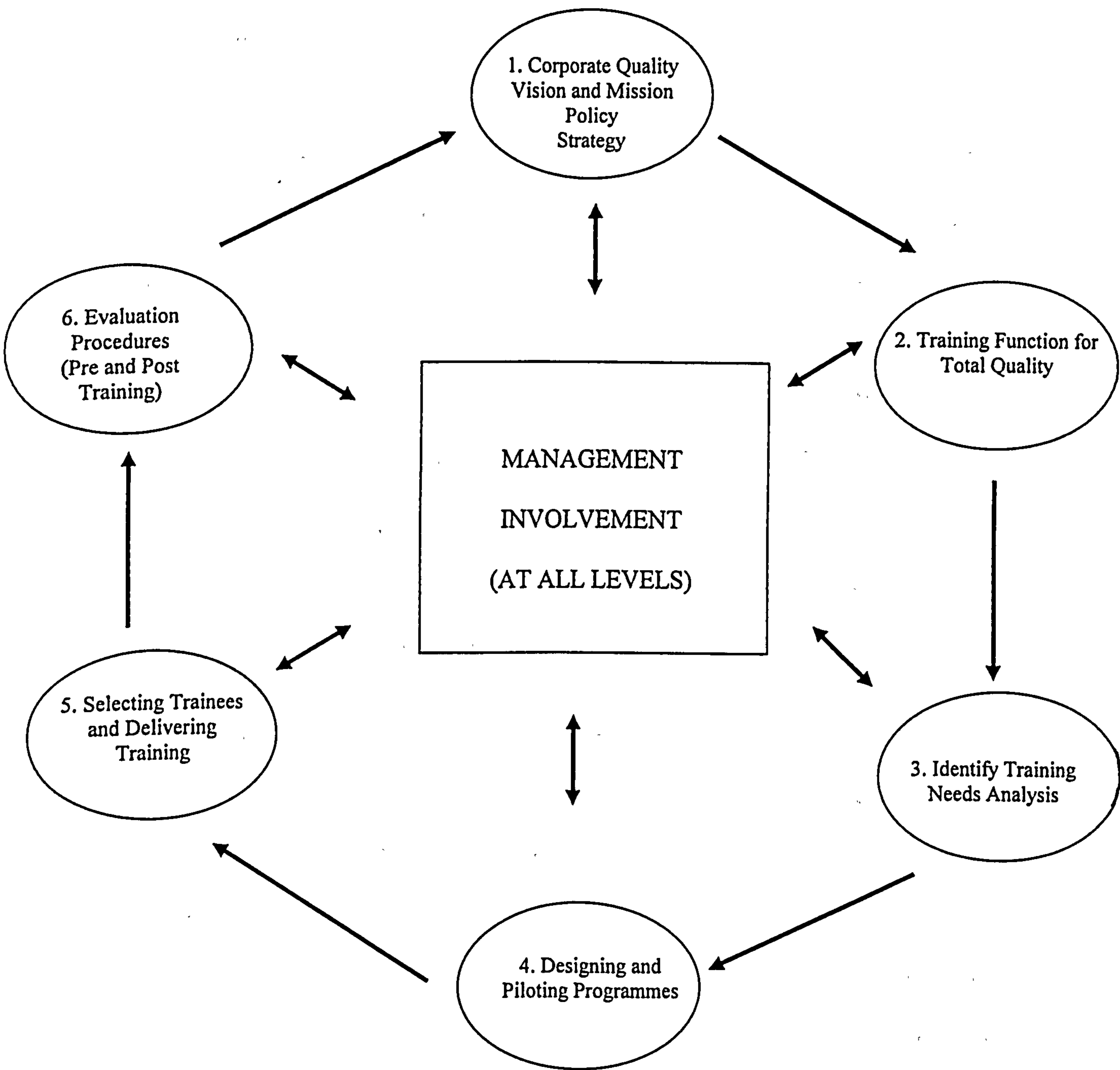
### 11.1 The Management Training in Total Quality (MTTQ) Model

The purpose of the MTTQ model is to generate new thinking about a series of training activities and their relationships that are likely to have a positive impact on training results. This model arises out of the findings from this research, which indicates that the development of features of positive training practice is not just a result in response to implementing total quality management programme, but more importantly, it is a consequence of the interplay of factors affecting the activities of training practice. In addition, this model suggests the criteria necessary for bringing about improved



training outcomes. In other words, this model is an idealised practical model rather than a model of the 'perfect' programme.

Given the evidence from the fieldwork both in Malaysia and Britain, this chapter argues that all of the elements of the MTTQ Model need to be in place for effective training. However, the significance of some of the postulated relationships influencing the development of a coherent training practice for total quality are either underestimated or not in existence with some of the NPCs under study. This has led to inadequacy of training provision in some of the companies studied.



**Figure 23 Management Training In Total Quality (MTTO) Model**

## 11.2 A Comparative Analysis of Training Practices

Findings from the fieldwork discussed in Chapters 7, 8, 9 and 10 indicates that where implementation of the privatisation initiatives have led the NPCs to introduce total quality initiatives, training has been seen as a strategy for bringing about change. The implication of this is that without training, it will be difficult to achieve company-wide acceptance for change. This is linked to successful TQM implementation through the use of training to effectively educate the workforce, particularly management, with the necessary quality skills, knowledge and abilities. Based on the theoretical model of Management Training in Total Quality (MTTQ) set out in the above section, this section presents the summary of comparative analysis on total quality training practice for management gathered from the four NPCs showing how far each of them fit the key factors in the model.

In comparing the extent of training practice in each of the NPC, "ordinal scales" which represents an ordered series of relationships is used. This is in accordance to Haber and Runyon (1977) who discuss the use of classes in ordinal scales to differentiate inequalities of one class from another in an orderly manner. The relationships are expressed in terms of algebra of inequalities, that is, 'a' is less than 'b' ( $a < b$ ) or 'a' is greater than 'b' ( $a > b$ ). According to them, the classes are assigned to indicate position in an ordered series such as greater, faster, higher etc., and not 'how much' of a difference exists between successive positions on the scale. In this study, ranks are assigned according to the extent of the practices within the class, that is, the highest class indicated that all elements listed are being practiced and



the next lower class show slightly less involvement than the first class and so on. Thus, to express the inequalities, the term “high” is expressed as the highest rank; “partial” as the next class; “marginal” as lesser than partial; and “not available” meaning that the element is not practiced. Using this ordinal scale, this study compares the extent of practices of the key factors in each of the NPC. Each of the key factors are compared using three or more indicators where the levels of involvement (high or marginal etc.) will be determined according to the company’s common practice. The data leading to this conclusion is presented in the following way. Each element of the MTTQ is described briefly. Performance criteria are established where applicable to assess the response of each NPC and cross comparison are made relating to the particular element of the model.

#### *11.2.1 Element One: Setting up Corporate Quality Vision, Mission, Policy and Strategy*

The Management Training in Total Quality (MTTQ) model argues that the first principle of effective practice begins with setting up of quality vision, mission, policy and strategy. The senior management is to provide direction for TQM implementation. A vision statement should reflect a call for action and this is a requisite step in developing a strategic quality plan. From the vision and mission statements corporate quality policies must be drawn to set out the direction of the company in line with the organisation’s business goals. Strategy development should be a long-term approach with a clearly defined focus, and integrated into the management of the organisation. Based on this vision, policy and strategy the training function should operate to assist the organisation towards achieving its corporate

goals. Since it is not possible to establish performance criteria for this element, the assessment will however be discussed concurrently with the next element under the subheadings of management role in training function.

### *11.2.2 Element Two: Training Function for Total Quality*

In the MTTQ, the training function demands involvement from all levels of management to share ownership in training practice and integration with other organisational activities. This second principle also suggests that the training function for total quality embraces the TQM concept where continuous improvement and maintaining good customer/supplier relationship is emphasised. In this regard, it is the role of the training centre as supplier to fulfil the needs of trainees/managers who are the customers. Both Element One and Two will now be discussed in terms of the role of management in establishing them.

### *11.2.3 Senior Management Support and Commitment in the Training Function*

In becoming total quality organisations, the importance of quality leadership to support successful training is imperative as described in Chapter Four. This study argues that without the senior management support, training might fail to achieve its expectation. This is based on the argument that the senior management role is to lead others and to communicate a consistent and clear quality message for continuous improvement to take place in the organisation (see Chapter Four). In this chapter of comparative analysis, senior management involvement and support is measured through several aspects.

The first factor is to assess their responsibility in terms of establishing a clear guidelines of devising training policy, vision, strategy and objectives linked to the organisational goals and business issues. It is important that senior management plans for effective strategy by integrating training with business activities and ensure that training contributes to successful TQM implementation. Without this, training will have less focus, thus possibly leading to mismatching of training objectives and organisational direction which then would hamper overall training effectiveness. Findings from this study reveals that all NPCs have somekind of training vision, mission, and policy strategy that is linked to the organisational quality goals.

Next is to assess management involvement in the training function. The first performance criteria of training function is to identify senior management commitment in terms of ensuring adequate training logistics/facilities, training budget and appropriately qualified training staff to sustain continuous employees' development. Since implementing TQM requires training for every individual in the organisation, senior management should be prepared to allocate training investment for this purpose.

The second performance criteria for this is to consider whether senior management involvement in training activities such as training needs assessment, evaluation and monitoring training effectiveness. By working in a team with training professionals and middle/line managers, senior management would continuously be informed of training progress.



The final performance criteria of training function is to assess senior management participation in training events. By virtue of their position in the organisation, exercising quality leadership could sustain the momentum of continuous improvement and motivate employees.

In making comparative analysis, two major elements were engaged by the researcher, namely, the performance criteria and the performance indicator. The performance criteria is a statement about performance which was derived from the theoretical framework in section 5.2 and the MTTQ model. A set of statements underlying the essential components for each feature of the training practice were predetermined by the researcher. These statements were later used to assess the extent of each company's common practice. Performance indicator, on the other hand, are ranks that are assigned within a class. In this research, the ranks are classified as "high", "partial", "marginal" and "not available" as explained in section 11.2. Thus, performance indicator is a measurement of how far the performance criteria has been achieved by each individual company.

#### *11.2.3.1 Comparing the Degree of Senior Management Involvement in Training Function in NPCs Studied*

In comparing the extent of their involvement, the following performance criteria which were derived earlier from the theoretical framework in Section 5.2 of Chapter Five and the MTTQ model are used:-

**Performance Criteria for Assessing their Involvement in Training Function:-**

- a. nature of involvement in terms of establishing policy, vision; sets objectives; and outline overall training plan and strategy;
- b. participation in training activities such as training needs assessment, and evaluation; and reviewing training effectiveness;
- c. participation in training events e.g., attending as speakers, closing and opening ceremony, role models, facilitators.
- d. commitment to training logistics/facilities such as adequate training infrastructure, staff; training budget; and training facilities.

*Table 26* exhibits the level of their involvement, where the following performance indicators are given:-

- “High” = reflects totally high engagement in all aspects of their involvement in the training function assessed against the listed indicators;
- “Partial” = reflects partial engagement where two of the indicators but not all are found to be practiced;
- “Marginal” = reflects one of the indicators is being practiced;
- “Not Available” = reflects none of the listed indicators is being practised

	BT	TM	MR	RRC
a	High	High	Partial	High
b	High	Marginal	Marginal	Partial
c	High	Marginal	Marginal	Partial
d	High	Marginal	Marginal	Partial

**Table 26 Comparison on Levels of Senior Management Involvement in the Training Function in the NPCs**

As can be seen in *Table 26*, the criteria indicators a, b, c, and d, were used to assess comparatively the degree of senior management engagement in each corporation with a view to analysing their relationships with the training function. In British Telecom (BT), there was a high degree of engagement from senior management in the training function. Not only was the senior management concerned with establishing policy, vision, mission and strategy to implement total quality initiatives, but far more importantly, they became personally involved in training and monitoring its overall performance. This total engagement resulted in total quality implementation through training will be more likely to succeed as indicated in Section 9.6.1.1 of Chapter Nine. With the strong support and motivation from the top, training was perceived as one important strategy for company-wide quality drive.

In the case of Telekom Malaysia (TM), however, the involvement from senior management seemed partial. Although they were highly committed to establishing the policy, vision, training objectives and plan, they were less involved in training activities and events (see Section 8.6.1.1 Chapter Eight). This indicated that they were far less concerned about the importance of personal involvement and setting of quality leadership example in driving total quality through cascading approach which might contribute to the problem of resistance to change among managers. This suggests that in order for total quality training to bring about significant results in TM, greater personal involvement from the senior management is required. Such commitment from senior management is deemed essential for the quality message to be communicated more effectively throughout the company.



In Regional Railways Central (RRC), the senior management appeared to be partially engaged in the training function. Apart from drawing the policy, vision and corporate quality goals, they were fairly concerned to be personally involved in training activities and events. What emerged from the findings explained in Section 10.5.1.1 of Chapter Ten suggests that there was a clear demarcation of responsibility within the company where management regarded training personnel to be responsible towards training function, whilst they themselves are more concerned with establishing policy and plan.

As for Malayan Railway (MR), analysis of findings discussed in Section 7.6.1.1 of Chapter Seven indicates on the whole, the degree of senior management engagement towards training function was far less pronounced. In spite of their commitment in terms of drawing mission and policy guidelines, clearly their personal support and involvement in training activities and events was lacking. This implies that such involvement was not perceived important by the senior management. Findings from Chapter Seven indicates that this has resulted in the quality message not being evenly spread in the company. It is therefore suggested that more direct participation from senior management in the training function is necessary if total quality training is to bring the intended results. The likelihood of effective total quality training also requires the middle and line management involvement in the training function which will be the next discussion.

#### 11.2.4 *Middle and Line Management Involvement in the Training Function*

Besides having training personnel responsible for organising and implementing the overall organisation's training activities, successful training in total quality also requires active involvement and support from middle and line management. This study argues that their involvement and support in three areas is critical for training to be effective. The first area of involvement is gathering and providing accurate input for training needs analysis. Because middle and line managers deal directly with their subordinates, thus they are most capable of identifying their (subordinates) task needs. Information for this could be gathered by middle and line management through carrying out periodical subordinates' performance appraisal, post-training evaluation or formal assessment for employees' training needs. Thus, the first performance criteria is their involvement in TNA.

Apart from that, the next area of their involvement is to personally participate in training events as speakers, teamleaders, trainers or assisting in designing process and selecting trainees. Literature review discussed in Chapter Five suggests that involving middle and line management in the training function would not only make them more committed in developing employees, but could also assist in reducing their resistance to change (Morrison and Rahim, 1993; Schuler and Harris, 1992). The second performance criteria, therefore, is the middle and line management participation in training events.

The third area of their involvement is promoting transfer of learning to the workplace. In this regard, middle and line management are expected to create a supportive

environment and facilitating learning such as coaching and mentoring, creating follow-up activities such as projects, workshops and teamwork. This final performance criteria argues that unless management is able to promote supportive environment, the impact, of even effective total quality programmes, may quickly fade away.

#### *11.2.4.1 Comparing the Degree of Middle and Line Management Involvement in Training Function in NPCs Studied*

Given the importance of the need to involve middle and line management in quality training as discussed at the beginning of this chapter, this study argues that neglecting such responsibility would result in the impact of training being minimised in terms of improving organisational performance. The performance criteria derived from the theoretical framework in Section 5.2 of Chapter Five and the MTTQ model is used to discuss their involvement in the training function.

#### Performance Criteria for Assessing Middle/Line Management Involvement in Training Function:-

- a. providing input for TNA through Performance Appraisal; post-training evaluation; and providing information on trainees' needs;
- b. participate in training events by being speakers, role models; pre-briefing and de-briefing trainees; and selecting trainees;
- c. creating supportive environment by facilitating trainees through coaching, mentoring; follow-up activities like projects, workshops, teamwork; and monitoring application of training to job setting.

*Table 27* exhibits the level of their involvement, where the following performance indicators are given:-



- “High” = reflects totally high engagement in all aspects of their involvement in the training function assessed against the listed indicators;
- “Partial” = reflects partial engagement where two of the indicators but not all are found to be practiced;
- “Marginal” = reflects one of the indicators is being practiced;
- “Not Available” = reflects none of the listed indicators is being practiced.

	BT	TM	MR	RRC
a	High	Partial	Partial	Partial
b	High	Marginal	Marginal	Partial
c	High	Marginal	Marginal	Partial

**Table 27 Comparison on Levels of Middle/Line Management Involvement in the Training Function in the NPCs**

*Table 27* demonstrates the different degree of performance by the middle and line management in the respective NPCs. For the case of BT, comparative analysis indicates that there was extremely high engagement from middle and line management in the training function compared to the rest of the corporations. This findings suggests that because the company believed these groups of management were the catalyst in facilitating continuous quality performance improvement, therefore, considerable level of responsibility was placed on them by the company. This can be seen through its high scoring in all aspects of the factors assessed (see *Table 27*). By having such active involvement and strong support from middle and line management, the company could ensure continuous staff development through training and for TQM implementation to be effective. Findings from Section 9.6.1.2

of Chapter Nine indicates that active involvement from middle and line managers has resulted in quality being accepted as part of daily work company-wide.

In contrast, the degree of engagement from the middle and line management in TM in the training function seemed less marked. This attitude of non-involvement was especially true in facilitating trainees at the work place and creating a supportive environment which resulted trainees being unable to practice what has been learned. Such lack of support on the part of this level of management perhaps led to TQM implementation being less effectively achieved as described in Section 8.6.1.2 of Chapter Eight. Thus, a concern for a more active role from middle and line management in the training function is needed if training is to lead to successful TQM implementation in the company.

For RRC, however, the general pattern from *Table 27* shows an overall partial degree of engagement from middle and line management. There was some involvement such as appraising employees for the purpose of TNA and creating supportive climate, but little involvement in terms of participation in training events as explained in Section 10.5.1.2 of Chapter Ten.

In the case of MR, the middle and line management involvement and support towards the training function showed a marginal degree of engagement. Although they were sometimes involved as speakers, opening and closing training session and appraising employees' training needs, their involvement was less pronounced in facilitating trainees at the work place, creating a supportive environment and follow-up activities (see Section 7.5.1.2 of Chapter Seven). Thus, it appeared that the middle and line

management in MR may have yet to recognise the significance of their contributions towards the overall impact of training in order to support TQM implementation. It can be said, therefore, that the analysis of findings provided in *Table 27* reveal that the degree of engagement of middle and line management varied between corporations in these case studies. Except for BT, a greater involvement from this level of management is required particularly personal participation in training events and creating a supportive environment if this group of management is to facilitate the environment of continuous quality performance improvement.

#### *11.2.5 Element Three: Performing Comprehensive and Systematic Training Needs Analysis*

The third principle of the MTTQ argues that effective training programme begins with assessing training needs thoroughly. The first performance criteria requires comprehensive and systematic TNA where this is characterised by the practice of assessing all aspects of organisational, task and individual needs for training. Neglecting one of these aspects might result in inadequate information since these aspects are linked to build a complete training needs assessment (Mc Gehee and Thayer, 1961). The second performance criteria is having expertise to conduct the TNA. This MTTQ model suggests that expertise and knowledge in TQM, the organisation strategy, and the process of conducting TNA, is required to ensure this is done comprehensively.

The third performance criteria is having a committee that comprises of senior management, training professionals, middle and line management and potential



trainees where this ensures that TNA objectives are fulfilled in which rich information on the current and future training needs is obtained. There are various sources of gaining information for TNA. For example, the use of performance appraisal, previous training evaluation, employees' self-assessments and formal research or survey on current training needs. Thorough and systematic TNA is imperative to ensure that reliable and accurate information can be drawn and used for the next phase of the training process.

#### 11.2.5.1 *Comparing the Extent to Which the Training Needs Analysis is Performed in the NPCs Studied*

The performance criteria listed which has been explained in the theoretical framework in Section 5.2 of Chapter Five and the MTTQ model is used to assess the degree of performing the TNA.

#### Performance Criteria Used to Assess when Performing TNA:-

- a. having expertise to conduct TNA; the use of a committee that comprises of various representatives;
- b. cover every aspect of individual, task and organisational needs; linked to organisational goals;
- c. the use of several sources of obtaining data such as performance appraisal; training evaluation; employees' self-assessment and survey.

*Table 28* illustrates the level of performance in each NPC, where the performance indicators given are:-

“High”	=	reflects total engagement comprehensively in all aspects assessed against the listed indicators of TNA;
“Partial”	=	reflects partial engagement where two of the indicators but not all are found to be practiced;
“Marginal”	=	reflects one of the indicators is being practiced;

“Not available”

= where none of the listed indicators is being practiced.

	BT	TM	MR	RRC
a	High	Partial	Marginal	Partial
b	High	Marginal	Marginal	Partial
c	High	Marginal	Marginal	Partial

**Table 28 Comparison on Levels of Performance of Training Needs Assessment in the NPCs**

Table 28 above demonstrates the different degree of performance on training needs analysis in the respective NPCs. In BT, findings indicate that this was highly comprehensive and systematically performed compared to the rest of the NPCs (see Section 9.6.2 of Chapter Nine). This findings suggests that the collaboration of efforts from training experts, line manager and the training sponsor (senior management) through a training committee showed the company believed that such contribution is important in order to assess training needs comprehensively. In this way, the analysis actually reflects the real needs of employees for training.

However, in the case of RRC, the general practice of assessing training needs indicates only a partial level of performance. Although the trainers were trained to perform TNA, this practice was less properly undertaken by individual trainer (see Section 10.5.2 of Chapter Ten). Furthermore, the committee structure was not used to provide further suggest on needs assessment. The use of brainstorming and documentary research in gathering data for this purpose indicates that the company appears to carry out the process informally in contrast to those suggested above. A

thorough, more reliable method reflecting the real needs of training for employees' is necessary in order for the assessment to be more significant.

In TM, the practice of conducting the TNA was seen to be partial. Despite having a formal committee assigned for this, there was a low degree of performance in some aspects. For example, the sources gathered for this purpose mainly depend on input from line managers and HODs. There was no proper assessment of job requirements carried out, and that contributions from trainers on this was not found (see Section 8.6.2 of Chapter Eight). This perhaps resulted in the programme being described as too theoretical and not being designed to meet job requirements. Thus, it is asserted that unless management sees the importance of analysing training needs comprehensively and including analysis from training personnel, the existing common practice would be unlikely to bring the intended results.

The practice of assessing training needs in MR on the whole was marginal. Clearly, the findings as described in Section 7.5.2 of Chapter Seven showed a very low degree of performance of TNA. Management was less inclined to perceive the importance of a committee to perform this task. There appeared to be no expertise. Furthermore, this deficiency was ever more apparent where the company relied solely on the input from HODs as the main source of gathering data for this process. Such a practice suggests that unless management realised the significance of assessing needs in a more systematic way and comprehensively, the programme will not bring positive results.



#### 11.2.6 *Element Four: Proper Process of Designing and Piloting of Programme*

The next principle of this model argues that training programmes must be designed and piloted formally before delivering. In this process, creating a good programme requires a step-by-step procedure where the use of some kind of guidelines to ensure thoroughness of designing the programme is recommended. This is the first factor of performance criteria. A designer therefore needs to have clarity on several aspects such as the purpose and needs for TQM training which is gathered from TNA, adult learning theories, organisational issues, layout of programme format and content, timing and choice of methods to effectively deliver the programme. Attention should also be given to relate the content of the programme to practical job requirements and work settings so that training is designed to improve performance, rather than theoretical knowledge acquisition.

The next performance criteria is to consider the use of a panel comprising of individuals such as training professionals, middle and line managers and potential trainees to validate the programme. This is to ensure that the programme reflects organisational goals as well as fulfilling every individual and task needs.

The third performance criteria is to carry out formal pilot testing of the programme before actually implementing it. By having formal piloting, the programme's weaknesses can be identified, thus, amendments could be made in order to suit the target audience for a more effective product. Without piloting, there will be a tendency that the training programme that would be conducted might be unlikely to achieve its purpose.

### 11.2.6.1 Comparing the Process of Programme Designing in NPCs Studied

To assess the levels of practice, the following factors of performance criteria derived from the theoretical framework in Section 5.2 of Chapter Five and the MTTQ model are used:-

#### Performance Criteria for Assessing the Process of Designing:-

- a. designer have knowledge on TQM, adult learning and target audience; highly job related; conform to some kind of guidelines;
- b. having committee to validate content; training programme linked to organisational goals; review and monitor content validity continuously;
- c. the extent of piloting the programme formally; and amendments to suit target audience.

Table 29 shows the different levels of performance in the process of designing in each NPC, where the following performance indicators are given:-

- “High” = reflects total engagement comprehensively in various aspects assessed against the outlined indicator for designing;
- “Partial” = reflects partial engagement where two of the indicators but not all are found to be practiced;
- “Marginal” = reflects one of the indicators is being practice;
- “Not available” = where none of the listed indicators is being practiced.

	BT	TM	MR	RRC
a	Partial	Marginal	Marginal	Partial
b	High	Partial	Partial	Partial
c	High	Marginal	Marginal	Partial

Table 29 Comparison on Levels of Performance of Designing Process in the NPCs

In BT, although the programme content was less totally structured to be practical and job related, comparative analysis shows that the company performed highly on the overall aspects of designing compared to other NPCs as shown in Table 29. This suggests that in order for the company's training programme to bring greater impact on employees' job performance, it should be tailored to meet their job requirements rather than broad learning knowledge.

In the case of RRC, however, the degree of performance on designing process was, at best, partial. Although individual designers appear to have used some guidelines in designing and linking the programme to the organisational goals, the absence of a panel to validate the content and formal piloting implies these aspects of designing process were not seen as important by the company. Neglecting such practice does not guarantee that what trainees learn can be transferred to the work place. This could perhaps contribute to the programme being less effective in achieving the intended objectives (see Section 10.5.3 of Chapter Ten). It is therefore argued that unless management realises the importance of explicitly implementing these indicators in the process of designing, the impact of training on current practices will be minimal.

In TM, little attention was paid to the majority of the aspects of the designing process. Although the content was linked to the organisational goals, it was far from job relevant in a practical, skill based sense. Furthermore, the use of a committee to assess content validity and the practice of formal piloting before actual implementation was not considered important in the company. As a result, the programme was criticised by the participants for being far too general (see Section



8.6.3 of Chapter Eight). A great improvement in the current practice of designing programmes is required by management if training is to be effective.

Similarly, in MR, there was a marginal degree of performance in many aspects of the designing process. In spite of using some kind of guidelines to design and having a committee to assess content validity, the programme was found to be highly theoretical based (see Section 7.5.3 of Chapter Seven). This was perhaps partly due to the absence of a piloting procedure where the programme content was not assessed extensively to ensure its practicality. The programme was therefore less successful in contributing towards job performance improvement (see similar Section of Chapter Seven). Practice needs to be improved in this respect if the programme is to be effective.

#### *11.2.7 Element Five: Process of Selecting Trainees and Delivering the Programme*

The fifth principle from this model argues that the degree of training effectiveness is influenced by the intellectual capabilities, experience and motivation of trainees, the qualifications and experiences of the trainers, and the learning environment. Thus, the first performance criteria is the selection of suitable candidates for the programme. Having appropriate candidates could alleviate wastage, provide substantial saving to the organisation and produce effective outcomes. To determine suitable candidates, it is suggested that potential trainees and middle/line managers should have a clear information of the programme, and there should be a good communication network between middle/line managers with the training personnel. Before attending the course, a pre-briefing session by middle/line managers for potential trainees is

important so that they are more prepared and understand what is expected of them from the course.

The second performance criteria that greatly influences training effectiveness is having well-qualified trainers. They should not only be expert in the subject matter but also capable of performing diverse training roles such as facilitators, providing information for training needs assessment, and designing programme. The trainers should be given the opportunity to develop themselves through attending courses, seminars or further education to ensure their knowledge is continuously updated.

The third performance criteria is the availability of adequate training logistics and room facilities. Literature review on training in this study suggests that the importance of having conducive learning environment has often been under emphasised. The important features of the training environment includes adequacy of site logistics like training infrastructure (e.g. residential accommodation, cafeteria, recreational facilities), teaching equipment, room size, furniture arrangement and other facilities (e.g., lighting, temperature, ventilation). Following the delivering process, training is not considered complete until it is being evaluated to assess its effectiveness. The next phase therefore is to consider the evaluation process.

#### *11.2.7.1 Comparing the Process of Selecting Trainees and Delivering the Programme in the NPCs Studied*

Comparison is made using the following factors of performance criteria as explained in Section 5.2 of the theoretical framework and the MTTQ model:

Performance Criteria for Assessing the Process of Programme Implementation:-

- a. selection process; link between middle/line management and training centre to select candidates; pre-briefing session for selected candidates;
- b. trainers' qualifications in terms of expert in subject matter; and methods of delivery;
- c. conduciveness of learning environment; training room facilities; and teaching equipment.

*Table 30* illustrates the level of performance in the process of programme implementation in each NPC, where the performance indicators given are:-

- “High” = reflects total engagement comprehensively in various aspects assessed against the outlined indicators for implementation process;
- “Partial” = reflects partially engagement where two of the indicators but not all are found to be practiced;
- “Marginal” = reflects one of the indicators is being practiced;
- “Not available” = where none of the listed indicators is being practiced.

	BT	TM	MR	RRC
a	Partial	Marginal	Marginal	Marginal
b	High	Partial	Marginal	High
c	High	Marginal	Marginal	Partial

*Table 30 Comparison on Levels of Performance in Implementation Process in the NPCs*

*Table 30* shows the different degree of performance on the process of programme implementation in the respective NPCs. The assessment is based on two major areas; the process of selecting trainees, and the nature of the delivering process. As can be seen from the *Table*, the overall comparison showed that BT had quite a high



performance on this aspect of training practice compared to the other NPCs, although the process of selection in the company was found to be less effective. Analysis of findings in Section 9.6.4 of BT case study indicates that the common selection procedure which was the responsibility of the Facility Management Unit (FMU) showed less significant results in determining candidates to come to training. This perhaps can be explained by the poor communication link between middle/line managers and the training personnel in this process. Having an independent unit to conduct and monitor the selection procedure would not guarantee an effective practice without there being a clear involvement of management and training personnel in the process.

In the case of RRC, the company's general practice in the process of programme implementation indicates a partial degree of performance. Although there was a link between line managers and the training centre in selecting candidates, there were instances where candidates were less inclined to attend courses because they regarded their current jobs as more important (see Section 10.5.4 of Chapter Ten). To this extent, management need to increase the awareness of the employees of the significance of training in improving job performance. Instead of holding an informal discussion prior to trainees attending the programme, a formal pre-briefing session by middle/line managers could be a starting point to achieve this. In addition, despite having qualified trainers to conduct the training, management should be made aware of improving the conduciveness of the existing learning environment for more effective learning to take place.

Programme implementation in TM showed a marginal degree of performance, because although there was a communication link between middle and line management in selecting trainees, a pre-briefing session following the selection process was not found. This resulted in candidates coming to the programme without adequate information and preparation (see Section 8.6.4 of Chapter Eight). For learning to be effective, management need to realise the importance of having a pre-briefing session in order for trainees to be aware of what is expected of them. In addition, there is a need for management to be more concerned with improving the existing learning environment if learning effectiveness is to be increased. Findings from fieldwork suggests that the current facilities was not conducive enough which resulted in trainees feeling less comfortable, thus effective learning may be less likely to take place.

The practice of programme implementation process in MR in general was even less acceptable degree than in the other three NPCs. There was a marginal performance in all indicators, including the selection process, trainers' qualifications, and learning environment (see Section 7.5.4 of Chapter Seven). Furthermore, the selection of trainees was not followed by a pre-briefing session. It is therefore asserted that unless management put greater effort into improving learning effectiveness by considering all indicators, it is likely that training will not produce significant results.

#### *11.2.8 Element Sixth: Evaluation of the Training*

The sixth principle argues that a thorough evaluation of training is important in order to ensure that the outcomes of training are appropriate. The first performance criteria



to consider in this is that evaluation should be done systematically using a formalised method to examine how the programme was carried out, the extent of trainees' achievement from the training course and views about the programme. Evaluation at this stage involves the perceptions of trainees and trainer/s on the overall trainees' progress.

The second performance criteria to consider is that evaluation should also cover the period after training, where following a lapse of time, trainees need to be assessed by their superior on whether trainees' expectations were met and whether there was performance improvement. It is imperative that middle and line management liaise with training personnel at the training centre on this by reporting trainees' progress and relevancy of the training programme to the job. While the above process basically examines the effects of training on employees and their performance, it is also important to administer outcomes of the evaluation.

Having a committee for this purpose is to ensure validity and reliability of the evaluation procedure which is the second factor of performance criteria to consider. For training to be continuously improved, evaluation should be used to diagnose the programme's deficiencies and how to improve training practices. Thus, results of evaluation should be used for future TNA. It is also worth noting here that training practice does not end at this stage. Instead, trainees should be involved in follow-up activities like projects, workshop or teamwork which will provide trainees opportunities to apply what has been learned. This is the third factor of performance criteria. Management must be committed in sustaining a supportive environment



through constantly exercising quality leadership, motivating, coaching, and encouraging teamwork, workshops and quality projects (Oakland, 1993; Payne and Dale, 1990a). With no follow-up projects to be pursued by trainees, training in total quality can often be wasted (Payne and Dale, 1990a). Taking into consideration the major features of training practice discussed from the MTTQ model, the following section presents the summary of comparative analysis on this in the NPCs based on the performance criteria identified for each element of the model.

#### 11.2.8.1 *Comparing the Process of Programme Evaluation in NPCs Studied*

The factors of performance criteria used to compare this practice which was derived earlier from the theoretical framework in Section 5.2 of Chapter Five and the MTTQ model are:

##### Performance Criteria for Assessing the Process of Programme Implementation:-

- a. evaluation during training ; formalised method; trainer to evaluate trainees' performance;
- b. post-training evaluation; de-briefing process; middle and line management to liaise with training by providing progress report;
- c. results of evaluation to be analysed by committee; review of training effectiveness, follow-up activities.

*Table 31* illustrates the level of performance in programme evaluation in each NPC, given the indicators where:-

“High”	=	reflects total engagement comprehensively in various aspects assessed against the outlined indicators for the process of evaluation;
“Partial”	=	reflects partial engagement two of the indicators but not all are found to be practiced;
“Marginal”	=	reflects one of the indicators is being practice;

“Not available”

= where none of the listed indicators is being practiced.

	BT	TM	MR	RRC
a	High	Partial	Partial	Partial
b	High	Not available	Not available	Marginal
c	High	Marginal	Marginal	Marginal

**Table 31 Comparison on Levels of Performance on Evaluation Process in the NPCs**

As can be seen from *Table 31*, the overall comparison showed that BT had a high degree of performance in all aspects of the evaluation compared to other NPCs. This indicates that the company believes that by having both the trainees and the trainer evaluating the programme during training, a comprehensive assessment of training effectiveness in terms of achieving training objectives could be attained. Furthermore, to ensure training effectiveness in terms of its relevance to work place, the company carried out various other processes including de-briefing, post-training evaluation and a committee to review training evaluation which resulted in training being continuously improved.

In the case of RRC, the company's evaluation of training effectiveness showed a partial degree of performance. Evaluation during training was carried out partially, but post-training evaluation indicated a marginal degree of performance where this evaluation depends on the initiative of the middle/line managers at the work place. This resulted in training practitioners being unable to ascertain areas that need

improvement and whether training has been effective (see Section 10.5.5 of Chapter Ten). This implies that conducting post-training evaluation in order to assess whether what has been taught is transferred to the work place was not seen as important by the company. Thus, without conducting post-training evaluation and the use of a committee to review training effectiveness at the work place, it would be difficult for the company to determine the impact of training.

The general practice of evaluation procedures in both TM and MR showed an unacceptable level of performance. Despite there was a marginal degree of performance of evaluation where this was carried out during training for both TM and MR, the need to conduct post-training evaluation is yet to exist in both corporations. Findings from fieldwork indicates that this practice of neglecting post-training evaluation has resulted training practitioners in both companies to be unable to see whether training has brought the intended objectives (see Section 7.5.5 of Chapter Seven and section 8.6.5 of Chapter Eight). This seems to reflect that the significance of post-training evaluation in determining the transfer of learning is of less concern to management. Furthermore, management of both corporations do not see the importance of having a panel to review training effectiveness continuously. There was lack of supportive environment by management in both companies and no follow-up activities being carried out. In this regard, few trainees commented that training knowledge could not be applied at the workplace. This suggests that in both cases, unless management show greater effort and concern by considering all factors of the evaluation procedures, it would be extremely difficult to determine training effectiveness.



Overall, the degree of evaluation practice in the respective NPCs showed a variation from absolutely none to very elaborate and comprehensive. Except for BT, it is unlikely that training will deliver the intended results without having management revising their practice in particular for post-training.

### **11.3 Summary of the Corporations' Training Practice Performance**

From the profile comparison, this study categorised four types of companies' performance in relation to training practice: totally highly performed, partially performed, less partially performed and marginally performed. Accordingly, companies are ranked in relation to their common practices. Totally highly performed indicated that the company performed comprehensively and satisfactorily in almost all features of training practice as shown in the respective *Tables* in the earlier section. However, the company that showed slightly less comprehensive and less adequate in majority of the training activities was considered to be partially performed. On the other hand, the company's performance in many elements of the training features was considered to be less partially performed. Finally, the company's minimal performance in majority of the training features would be considered as marginally performed.

*Table 32* exhibits the different levels of training practices between the four NPCs. To explain these differences, the researcher has to assign the weights of "1.00" for "high"; "0.66" for "partial"; "0.33" for "marginal"; and "0.00" meaning "not available" for criteria not practiced respectively. In the case of senior management where 4 criteria were used, the weights assigned therefore, are "1.00", "0.75", "0.50"

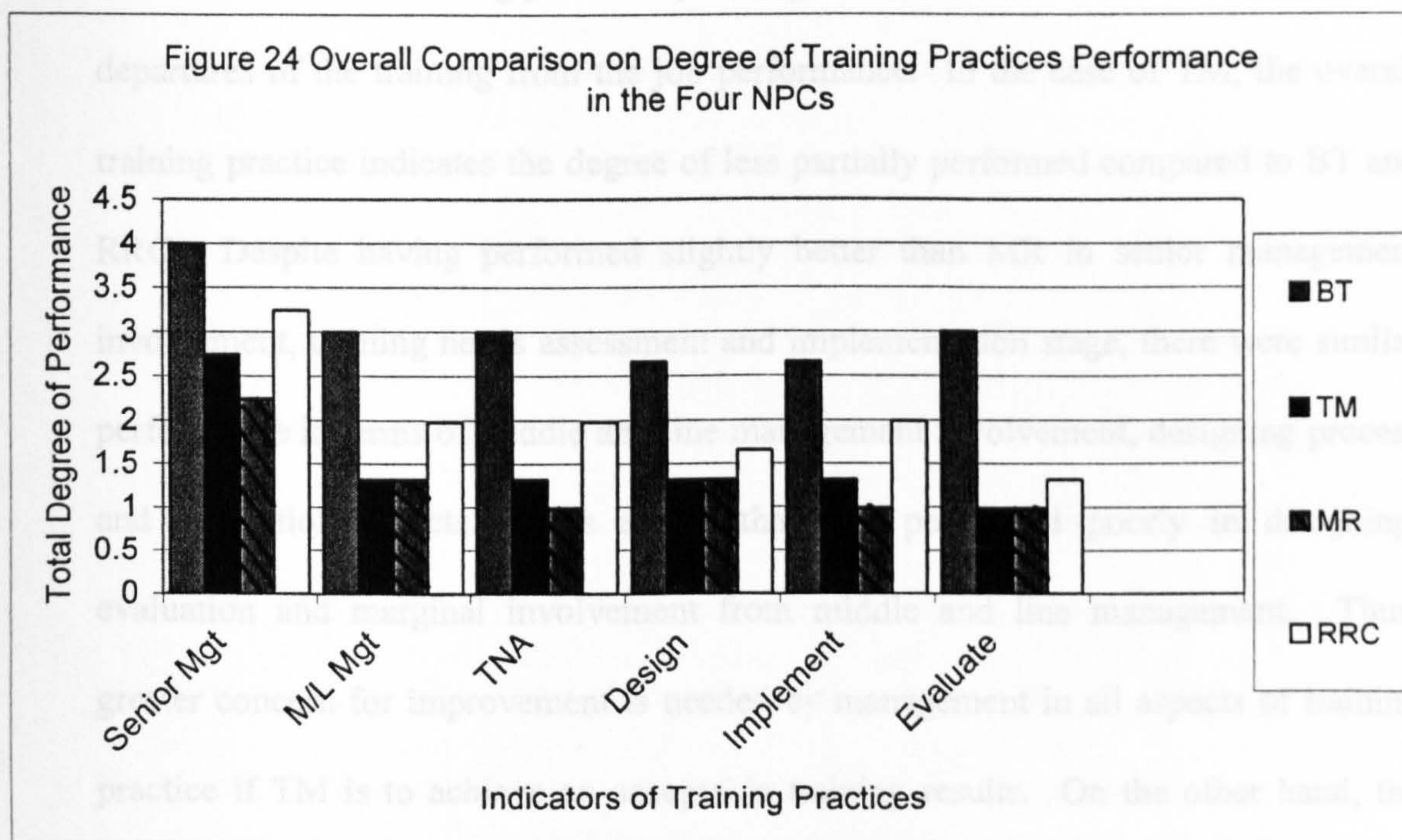


and “0.00”. The numerical assignment for each indicator within the major training practices were later summed up which then provides the overall performance.

Degree of Training Practices	BT	TM	MR	RRC
Senior Management	4.00	2.75	2.25	3.25
Middle/Line Management	3.00	1.32	1.32	1.98
Training Needs Analysis	3.00	1.32	0.99	1.98
Design	2.66	1.32	1.32	1.65
Implement	2.66	1.32	0.99	1.99
Evaluate	3.00	0.99	0.99	1.32

**Table 32 Numerical Levels of Comparison on Degree of Training Practices in the Four NPC's**

Whilst *Figure 24* presents graphically the overall degree of performance within the major elements of the training practices in the respective NPC's.





As can be seen from *Figure 24* that on one extreme, BT had the highest degree of overall performance of training practices compared to the rest of the NPCs. The totally highly engagement factor was shown especially in the senior, middle and line management involvement and support in the training function; training needs assessment; and evaluation. This implies that the company believed for successful TQM implementation, continuous support and involvement from every level of management is imperative for training to achieve acceptable results. On another extreme, the comparative analysis of training practice in MR showed a far less acceptable degree of performance compared to the others. The implication from this analysis suggests that firstly, there was far less recognition from management on the importance of their role when implementing TQM training, and secondly, they were less aware of the phases of training process in achieving effective practice. This underestimation of training practice by management in MR seems to reflect inevitable departures of the training from the job performance. In the case of TM, the overall training practice indicates the degree of less partially performed compared to BT and RRC. Despite having performed slightly better than MR in senior management involvement, training needs assessment and implementation stage, there were similar performance in terms of middle and line management involvement, designing process and evaluation aspects. This shows that TM performed poorly in designing, evaluation and marginal involvement from middle and line management. Thus, greater concern for improvement is needed by management in all aspects of training practice if TM is to achieve an acceptable training results. On the other hand, the RRC had an overall better degree of performance when compared to TM and MR. As



shown from *Figure 24*, the company had a slightly higher level of performance in all features of training practice compared to these NPCs, but at a lower index when compared to BT's performance. This indicates that management need to put more effort in the training practice in order for the company's training to deliver more significant results. One implication from this profile comparison analysis is that proper planning and systematic practice of these features must be considered if training is to be accompanied by positive change in employee performance. In this regard, this study asserts that companies that are totally engaged in effective training practice are more inclined towards having successful TQM implementation, leading to better organisational performance and vice-versa. In this comparative analysis, BT company which showed high performance of effective training practice tends to have a more successful TQM implementation than any other NPCs, thus showed better organisational performance. This finding matched those reported by Heller (1993). Perhaps, the main impact of management training in total quality in BT is in its strong management commitment in quality which in turn reflected in staff awareness in quality issues (Heller, 1993). However, in a company like MR which showed weak training practice has the tendency of less successful TQM implementation, thus is unlikely to bring significant organisational performance (see Section 7.5.6 of Chapter Seven). Some impeding factors in conducting effective training in this company as mentioned in Chapter Seven were resource limitations, financial constraints and management still practice 'the old ways of doing things' (Middle Manager 1, Tape No.15) resulting in quality message not evenly spread throughout the organisation. Likewise, in a company like RRC which showed partially engaged in the overall

training practice would tend to produce moderate TQM results, thus organisational performance is slightly significant (see Section 10.5.6 of Chapter Ten). On the other hand, company like TM which showed less partial engagement in the training practice would not produce highly significant TQM results, thus organisational performance is less pronounced (see Section 12.2 of Chapter Twelve).

In conclusion, this study asserts that the eight principles of training practice identified from the MTTQ model are essential as an ideal practice by the NPCs in order for training in total quality to bring about successful TQM implementation, thus leading to significant business performance improvement. This study suggested that the NPCs should practice these elements systematically and comprehensively. What has emerged from the findings of this study indicates that different levels of practice of the described major training elements has therefore resulted in four different types of degree of organisational performance, ranging from totally highly performed to those marginally performed. One important finding from this research suggests that for training in total quality to gain significant results, there must be proactive management involvement and support in every aspect of the training practice. Thus, without there having improvement on the part of every level of management particularly in MR, TM and RRC corporations, it would be less likely that training, being a strategic tool, would successfully support TQM implementation and thus lead to significant business performance improvement. It can be said therefore that unless the identified positive features described from the MTTQ model, particularly management proactive involvement is considered as common practice, training which

is seen central in the process of the NPCs transformation through TQM implementation will unlikely bring about significant outcomes.



## CHAPTER TWELVE

### SUMMARY AND CONCLUSION

#### 12.0 Introduction

This chapter presents the main conclusion that emerged from this study carried out in the NPCs in Malaysia and Britain in the period of 1994 to 1996. The major conclusion is that following privatisation, the need for cultural change led to TQM implementation and for effective transformation the development of managers through training is vital. This conclusion is reached through an analysis of findings from the NPCs privatisation experience where these corporations experienced different models of privatisation. The research on these NPCs indicate that in the process of cultural change, fully privatised corporations tend to be much more flexible and become commercialised more rapidly than those partially privatised. This is particularly significant and a unique feature of this research where the Malaysian privatisation model in particular led to partial privatisation and possibly a consequent partial implementation of TQM. The second section considers TQM practice in these NPCs. Contrary to the general approach to TQM in which organisations adopt TQM and then realise the need for cultural change (Kirkpatrick and Martinez Lucio, 1995; Baines, 1993; Oakland, 1993), this study argues that these NPCs explicitly recognised TQM as a strategy in order to change from a public sector to a private sector culture. The study then asserts the need for a particular training model for managers in order to bring about significant TQM implementation. Analysis of findings suggests that the

closer the practice is in each NPC to those elements outlined in the theoretical framework, the more likely the organisation is to achieve the intended results.

## 12.1 Privatisation and Change

This section presents an analysis of privatisation experience in the studied NPCs in both countries. There were studies (e.g. Parker, 1995; Millward and Parker, 1983) that claimed change in ownership does not necessarily lead to increase in efficiency. Some economists believe that state intervention has caused unintentional inefficiencies in public enterprises (Stigler, 1988); and that state services are inclined to be unproductive (Gough, 1979). What is apparent from the findings of this study is the issue of economic and political realities which were closely linked to the SOEs performance had led the governments in both countries to initiate privatisation as a strategy to revitalise these organisations. Two fundamental reasons given for initiating this strategy in Malaysia and Britain were firstly, far too many SOEs were inefficient, incurring huge losses; and secondly, from the macro-perspective, SOEs experienced excessive government intervention. It was shown in Chapter Two that the poor performance of the SOEs and the excessive Governments involvement in market economies activate privatisation initiatives where it is believed that, "the free play of market forces is the solution to such (government) failures" (Clarke and Pitelis, 1993:1). This analysis suggests that privatisation of NPCs has produced mixed results. Where privatisation has been carried out in different ways and for different reasons, different organisational outcomes have developed (see Chapters 7, 8, 9 and 10). For example, the degree of decision-making and the ownership in the transfer of property rights varies between NPCs. The privatisation of British Telecom and



Regional Railways Central meant complete transfer of ownership and titles to the private sector. This, therefore permits decision-making to rest solely in the hands of those management who run the companies. On the other hand, the implementation of privatisation in Telekom Malaysia has not totally transferred property rights or ownership to the private sector. Some analysts (Jomo 1995b; Jones and Fadhil, 1992) have argued that this partial divestiture could yield the worst from both private and public ownership, in that the pursuit for profit may exploit consumer welfare while providing protection and privileges from the Government. Partial privatisation also may hinder the process of organisational transformation. In Telekom Malaysia, even after six years of being privatised;

“flexibility, speed and decisiveness have not materialised as expected because the Government remains a major shareholder” (Mohd Ali, 1993:6).

Remnants of public sector culture still plagued the company and it is subjected to certain Government's policies and elaborate procedures in operational decision-making; resulting in difficulties in introducing new culture and attitudes. This study, therefore, supports the view of Rowthorn and Chang (1995) who argue the need for non-state intervention in decision-making in the privatised firm.

“Decision-making will, therefore, be more efficient if it is left in the hands of private owners and their agents. Hence, the superiority of private over public ownership” (Rowthorn and Chang, 1995:57).

Thus, it is asserted that total freedom from state intervention should be granted in order to allow greater flexibility and speed in decision-making, as well as to accelerate the process of change if the company is to become more efficient as a commercial enterprise.



Despite these differences, one similarity between NPCs which resulted from privatisation is the need for internal change. It is clear that these corporations need to respond to external sources such as competition, customers' demands and regulatory frameworks. This study confirm the view that internal change in terms of organisational structure and culture is also necessary in order to improve efficiency and business performance.

#### 12.1.1 *Transformation of Organisational Structure*

The change in ownership resulting from privatisation has inevitably exposed previous '*isolated*' and '*protected*' public enterprises to a new challenging competitive environment. Changes in status of ownership has led these organisations to restructure in an attempt to make full utilisation of resources and to respond to appropriate external environment (Miller, 1995; Mackenzie, 1986) that affects the organisations' internal processes (Hannaway, 1989). Without such effort deterioration in performance will continue (Meyer and Zucker, 1993). The argument advanced by this study that rigid bureaucratic structures are no longer acceptable for NPCs finds support in Morgan (1986), who claimed that this kind of structure has great difficulty in adapting to changing circumstances because it is not designed for innovation. Instead it stifles initiative, encourages people to obey orders and supports a structure which strongly reflects authority and control. What emerged from this study is that structurally all these NPCs had undergone changes. For example, British Telecom was reorganised into three customer divisions in view of "putting customers' first" through Project Sovereign. In Telekom Malaysia the company was segregated into three business units with the aim of becoming more responsive to customers and

market. The Regional Railways Central was restructured from British Railways through a sectorization process dividing the bigger British Railways into passenger services and other rail services. The Malayan Railway was reorganised into two distinctive business sections namely the freight and the passenger, with the aim of making the company more customer focused.

Evidence from this study also shows that organisational restructuring is followed by moves to improve performance which include dealing with downsizing, financial restructuring, instituting new corporate goals and objectives, business diversification and organisational and operational changes. For example, in the case of British Telecom, Galal *et al.*, (1992) argue that its privatisation has led to a rapid increase in investment and improved productivity through higher output from a reduced workforce. Furthermore, the implementation of numerous quality initiatives, as explained in Chapter Nine, showed the company's continuous efficiency improvement has been reflected in terms of cost savings, greater customers' satisfaction and process improvement. Similarly, the privatisation of Regional Railways Central led management to make considerable performance improvement measures including tighter financial control, greater focus on business objectives and a widespread programme of employees' competency development through training. In Telekom Malaysia, following privatisation, there was an improvement in employees' productivity by 17.5% in 1992 compared to 1987 and an increased return on assets by 0.1% during the same period. There was also a growing concern for staff training especially to upgrade the quality of services coupled with the expansion in



telecommunications investment (Mohd Ali, 1993). Malayan Railway became a revenue-generating organisation including investment in modern facilities, business diversification, and implementing total quality initiatives for its employees to improve quality of service as a direct result of privatisation.

### *12.1.2 The Need for Cultural Change to Support the New Corporate Identity*

This study also confirm the view that transformation from public to private entity demands a shift from the bureaucratic culture to a new commercial oriented culture focusing on continuous improvement in quality and customer satisfaction. Without changing the values, beliefs and expectations of the workforce, the newly established commercial objectives may not be attained. While the need for cultural change was clearly acknowledged by these NPCs after privatisation, this study showed that the rapid changes needed could not easily and quickly be achieved. Difficulties have arisen due to resistance to change, the persistence of political intervention, and simply because, 'old habits die hard' (Mahoney, 1994:8). Thus, as many writers have argued and as this study confirms, cultural change is a deliberate and tedious process since it involves complex political processes, management reforms and structural adjustments (Anthony, 1994; Pettigrew, 1985).

Where radical changes took place immediately after privatisation, fully privatised companies like British Telecom tend to move at a much faster pace of change than those partially privatised companies like Telekom Malaysia. This was because, in a partially privatised company, government's continuous intervention in the company's affairs was said to be an impeding factor that slowed the process (Mohd Ali, 1993).



## **12.2 The Implementation of TQM by NPCs to assist the Transformation Process**

As a result of being privatised, NPCs adopted TQM to improve the quality of service and to fulfil customer satisfaction. The heavy premium place on quality is crucial for competitive strategy especially as evidence on the return on investment and sales shows a high correlation between quality and financial performance (Buzzel and Gale, 1987; Peters and Waterman 1982). Both these studies draw the conclusion that the emphasis on quality improvement has resulted in many successful companies increasing market share, while those rating quality as a low priority experienced a decline in market share. Furthermore, the adoption of TQM by these NPCs in this study can partly be explained by the convincing evidence illustrated by many successful stories in which this strategy has contributed to performance improvement in terms of increasing customer satisfaction (Drummond, 1993; Atkinson, 1990; Saylor, 1992). Thus, the NPCs' quest for total quality and customer focus becomes more apparent as a result of competitive market, increasing customers' demand and sophistication and regulatory policies.

Although the NPCs had all made similar decisions to adopt TQM as a competitive strategy and for cultural transformation, their methods and implementation processes differ from one to another, thus resulting in different outcomes from its implementation (see Chapters 7, 8, 9, and 10). In British Telecom, although the TQM process of reorganisation resulted in shedding of staff and brought about negative impacts in the early period of its implementation such as declining employees' morale and a lack of confidence in some managers, the outcome of this study revealed that

eventually TQM assisted in stabilising the situation and cultivating new culture by gluing the employees' together through teamwork. It was found in this study that people became clear that quality improvement was part of their normal jobs and there were signs of cost reduction in terms of savings. Moreover, this improvement in efficiency was acknowledged by the Chairman in that;

"if we hadn't adopted TQM things might have fallen apart by now. Without total quality, we couldn't have done Project Sovereign and Putting Customers' First, and achieved significant improvement in efficiency" (Heller, 1993:60).

On the other hand, the implementation of TQM in Telekom Malaysia showed that although rigorous training and education was imposed to ensure everyone was TQM literate and aware of its philosophy. TQM was not fully successful due to a number of reasons including resistance to change, the fear of losing authority among higher level staff, and the bureaucratic nature of supervision was still ingrained especially among managerial staff. Ironically, the lower-level staff were more easily able to accept change than the managerial staff. This was brought about through an increase in TQM knowledge, the development of an explicit new company outlook, identity and corporate image. To overcome the resistance, the company introduced new incentives and rewards, sending management to attend quality courses abroad, and conducting a compulsory quality session every last day of the week for the employees. As a result of the company's aggressive process of TQM implementation, some improvements in business performance occurred. These included a slight reduction in the cycle time for processing orders and a decrease in the time taken for the installation of new orders from 72 hours to 7 hours, a decrease in the number of complaints, an improvement in billing system, and better communications systems and teamwork (Senior Manager 2, Tape No.2).



In Regional Railways Central, the early stage of TQM implementation through the restructuring process had met with resistance from some employees. This was confirmed by the Attitude Survey carried out in 1994 where the existence of widespread employee dissatisfaction was found. However, results from this study revealed that following the introduction of Team Briefing as one TQM approach, wide acceptance for change at the managerial levels was evident. Employees at the lower levels responded incrementally to the change process through training. However, since Regional Railways Central was in the early stage of its formation at the time when this research was carried out, the data gathered is not comprehensive enough to draw firm conclusions on the relationship between TQM and its business performance.

Unlike Regional Railways Central and Telekom Malaysia, Malayan Railway launched a series of total quality initiatives following the reorganisation process intended to educate and train the employees on TQM awareness. However, findings from this study revealed that these programmes were mainly targeted at front-line staff, particularly station managers and ticketing counters. Little or no training was provided for the rest of the workforce. One obvious reason to explain this was the company's financial constraints. This therefore suggested that the quality message was less effectively spread in the company. As one senior manager commented;

"Sadly, the quality programmes implemented was not too encouraging. Training was not provided all the way down in the company. Some people are only paying lip service or simply can't be bothered with what's going on" (Middle Manager 1, Tape No.15).

This indicates that the process of cascading down the quality message to every employee did not happen in the company, thus making it difficult to create a quality environment. To an extent, however, as a consequence of some quality initiatives,



minor improvement occurred compared to when the company was a statutory body. It appears therefore from this study that the NPCs engagement with TQM as a strategy for competitive advantage has a relationship with business performance. This reinforces the belief that business performance is largely determined by the organisation's people, process and the quality of the products and services (Jones, 1992).

This study also questioned the general notion of cultural change as a necessary corollary of TQM as suggested for example, by Baines (1993). The decision for TQM in the NPCs was perceived to be essential to assist the cultural transformation process. This is a unique feature of this research as these companies explicitly choose TQM as a cultural transformation process prior to TQM implementation. In British Telecom, for example, the need for cultural change was recognised immediately after privatisation in 1984. However, after several unsuccessful attempts to create a new BT culture, it was reported that the then BT Chairman had made the decision that, 'TQM was the key to sweeping transformation in both quality and achievement' (Heller, 1993:57). Similarly, in Telekom Malaysia, the need to change the previous bureaucratic culture and the advent of market competition was said to have necessitated the adoption of TQM (Senior Manager 2, Tape No.3). In the case of RRC, TQM was adopted because of the need to transform the organisational culture after privatisation (Mahoney, 1994) and to 'commercialise' the organisation (Pendleton, 1995). In Malayan Railway, the company's decision to embark on TQM was prompted by the need to raise its status to that of preferred choice of passenger transport sector, hence, creating a new organisational culture was seen as imperative. Thus, the need for cultural change was

explicitly viewed as the main trigger for these NPCs to adopt TQM. The mechanism to effect cultural transformation within the NPCs implementation of a total quality process can be categorised into three main areas: management's role in making quality happen, company-wide commitment to sustaining continuous improvement, and finally, a concern for training and education to develop quality knowledge.

### 12.2.1 *Management as Activators in Making Quality Happen*

It has been widely recognised that continuous management commitment and involvement remain vital for successful TQM implementation (Chapter Four). Since major opportunities for improving quality lie in the hands of management, employees therefore are constrained by systems that they do not control (Harris, 1995) and until management gets permanently involved, nothing will work (Main, 1986). The need for quality and correct procedures must be sold to employees. This can only be done by management who are committed and knowledgeable in TQM. In support of this view, many analysts (Juran, 1994; Maul and Gillard, 1993; Jeffrey, 1992; Townsend, 1990) have accepted that one of the major barriers to successful implementation of TQM is the failure of management. Analysis of fieldwork findings on management involvement revealed that, except for British Telecom, the involvement of management was limited, particularly in training activities and events. For example, in Malayan Railway, the management involvement in TQM was largely that of creating a quality mission. As a result, the full benefits of TQM seemed difficult to realise company-wide, thus its implementation was seen to be less effective. Therefore the findings of this study confirm the view that effective TQM implementation must be led and led effectively by management.



### 12.2.2 *The Demand for Full Workforce Participation to Sustain Continuous Improvement*

The need to attain company-wide participation to sustain continuous improvement is another critical element identified by this study as a consequence of TQM implementation. This study found that to promote company-wide continuous improvement, these NPCs have created participative teams such as quality councils, quality projects, quality circles, quality improvement teams and suggestion schemes. This practice is supported by West-Burnham (1993) who observed;

“One of the most significant features of TQM organisations is the abandonment of formal hierarchies and the reconstitution of the work force in teams. The change from an almost Victorian stratification to teams constituted on the basis of being able to work effectively is one of the most powerful manifestations of cultural change” (1993:90).

To this end, it is argued that until every individual is committed to sustaining continuous improvement, benefits from TQM will be limited and short-lived (Brown *et al.*, 1994). However, changing the way people work is one of the most challenging tasks facing management (Dale, 1994; Dale and Cooper, 1994a). This is because without a consistent approach, people tend to slip back to the ways of doing things to which they have been accustomed (Dale and Cooper, 1994a). Evidence from this study shows that except for BT, other NPCs employed an incremental process of cultural transformation. Some of the literature suggest that a company should act incrementally and consistently to change rather than attempting major breakthroughs or radical change (Harris, 1995; Dale, 1994; Kanji and Asher, 1993), British Telecom's radical approach to change showed a significant and rapid business improvement. Although resistance to change and employee demoralisation and confusion occurred in the company during the early stages due to many breakthrough



projects, company-wide quality commitment had been reached (Heller, 1993). Findings from this study again reveal the importance of effective leadership. What is important here is that this achievement depends on visible and continuous management involvement and support. Management determination and support was apparent in British Telecom where there is rigorous implementation of quality programmes and activities and a heavy emphasis on training and education in TQM for the whole workforce.

### *12.2.3 Communicating the Quality Message Through Training and Education*

Developing an organisational culture based on quality and customer focus depends, to a large extent, on the effectiveness of education and training in communicating quality messages and sustaining continuous quality improvement. In a number of successful organisations an indication of their mastery of TQM has been the centrality of training and education to impart knowledge and philosophy (Blackburn and Rosen, 1993; Heller, 1993). Successful implementation of TQM requires an allocation of adequate resources for training and education. Indeed, one major barrier towards successful TQM implementation is an overemphasis on measurable factors related to costs, systems and procedures, while paying little or no attention to staff training and development (Patel, 1993; Plowman, 1990). Evidence from this study supports this view.

Training and education need to be heavily promoted to facilitate learning, especially to educate employees in quality knowledge and skills, rather than focusing on technical aspects of quality, the benefits of which will only be short-lived without an educated

and committed workforce (Dale and Cooper, 1994a; Russel, 1993). More specifically, it is argued that incorporating quality values at work through training in teamwork, leadership and human relation skills is as at least as important as technical training in tools and techniques (Bowen and Lawler, 1992; Rothenberg and Drye, 1991). To this extent, it was found that these NPCs have increasingly recognised the importance of behavioural training where this was previously ignored due to a heavy concentration on technical training.

This study confirms the view that the NPCs engagement with TQM was primarily a strategy to achieve competitive advantage through the introduction of a quality culture creating business improvement. Consequently, this study suggests that both for a change in organisational status and TQM implementation necessitate management training in order to bring about a change in the role of management and to facilitate cultural change. In recognition of its importance, managerial training, therefore, became the central focus of this study. The main hypothesis being that effective training practice support successful TQM implementation.

### **12.3 Management Training in Quality to assist TQM Implementation**

What has emerged from this study is that the development of managers through training is crucial to the process of implementing change through TQM and for the search for continual quality improvement aimed at achieving efficiency and improved business performance. Since TQM is primarily a management-led approach, the focus on training and educating managers is essential because they play the central role in bringing about change in organisations. Thus, this study asserts that managers must

learn to lead change. Since existing managers in NPCs need to change the way they manage in the new private organisations and to lead TQM, this requires new knowledge and skills. Without training and education, managers may fail to accept the need to perform new functions. Moreover, a lack of training and education in TQM may eventually lead managers to feel disenfranchised and under-utilised and therefore, impede the process of making them the kinds of leaders and coaches that quality improvement demands (Jeffrey, 1992). This being due to a failure to understand how change should be implemented (Oakland, 1993). In addition, managers may fear loss of job security, job definition and additional workload, and therefore may withhold their support and subsequently damage the quality improvement process (Schuler and Harris, 1992; McKersic and Klein, 1984).

As shown in Chapters One and Two, managers need to manage and anticipate change internally and externally as a consequence of privatisation. The move towards becoming competitive quality organisations has encouraged managers in these NPCs to change roles to achieve new organisational goals and to assist in creating the climate for continuous quality improvement. The process of restructuring the organisations with the aim of focusing on satisfying customers and providing quality service through the implementation of TQM has led managers to transform the pattern of management.

A major feature of this study is that the argument put forward by some writers (e.g. see Schuler and Harris, 1992; Jeffrey, 1992) that managers now have to become consultants, motivators, participative rather than authoritative, controllers and supervisors was not as apparent in the case of the NPCs in Malaysia. Some of the



findings from the interviews revealed, for example, that authoritative and controlling styles of management still persist among the middle and line managers in both NPCs in Malaysia. This suggests that managers in NPCs in Malaysia may be slower in accepting and adapting to change compared to the managers in NPCs' in Britain or again this may be due to the nature of the Malaysian privatisation model.

In order to change the management role and lead others towards accepting change (Wilson, 1992; Atkinson, 1990), managerial training is imperative if managers are to create a supportive quality environment (Kanji, 1991; Hockett, 1989). They (managers) need to demonstrate quality leadership that facilitates, motivates and maintains a long-term process of continual quality improvement (Dale and Cooper, 1994b; Jeffrey, 1992). The importance of developing managers is further emphasised by Jeffrey (1992);

A common mistake many companies make is to assume that managers intuitively understand how they must change once quality improvement becomes an organisational priority, or that managers already have the skills that they need to fulfil their new roles " (1992:35).

This means that accepting the concept does not necessarily lead to knowing how to implement it. Managers often need to learn to perform the quality mandate. Schuler and Harris (1992) further argue that managers need to be trained to reduce resistance to change. This study suggests that until the NPCs address the issues of role changes and provide necessary skills and understanding of TQM through training, changes in leadership style cannot be achieved and quality improvement will not be supported. These findings raise major questions about the role of managerial training.

#### 12.4 Managerial Training in Total Quality in NPCs

This study indicates that total quality training for managers in the NPCs was not without problems. One of the most fundamental of these problems was the inadequate involvement of top management in the training function in majority of the NPCs studied. The fact that top management sits back and waits for the whole organisation to transform itself after having appointed a quality staff leader to do the job, as detailed by Corrigan (1995), seems to have some relevance here. Results showed that in three out of the four NPCs' top management exhibited marginal involvement in training activities. These findings are supported by many writers (e.g. Payne and Dale, 1990; Dale and Cooper, 1994a; Aly *et al.*, 1990) who underline that one major barrier to effective implementation of TQM lies in the fact that top management are reluctant to share and devote their time in their work schedule to training and to becoming involved in leading quality-related training programmes. It would appear that preparing a clear vision, ensuring availability of resources and infrastructure and preparing plans and activities to meet objectives on the part of top management in these NPCs may simply be inadequate if they exempt themselves from participating personally, especially in the training function. As a consequence, inconsistencies in the top management's words and actions provide an indication to others that quality is not such a demanding priority (Dale and Cooper, 1994a). This leads to accusations of not walking the talk (Brown *et al.*, 1994) and this may produce a damaging result on the rest of the organisation (Juran and Gryna, 1993).

Another common barrier to effective managerial training practice identified from this study was the lack of a supportive climate from middle/line management to immediately assist trainees in applying training knowledge at the work place. Some reasons given for this were: lack of awareness of their roles and responsibilities in coaching and mentoring trainees, a perception that training activities are held by training personnel, and an unwillingness to follow-up projects for participants to determine whether materials taught were applicable to a work setting. What has emerged from this study is that except for British Telecom where middle and line management made a convincing contribution, management support and involvement was somewhat limited. In the majority of the NPCs the middle and line management involvement goes as far as occasionally attending the opening and closing ceremonies of training events and participating irregularly as speakers. Apart from that they also involved in selecting candidates for training courses, conducting quality training needs and being merely involved in designing the training programme. This suggests that commitment and support are still lacking in many areas of training activities. For example, follow-up after staff training, post-training evaluation of staff in the work place, direct involvement as facilitator or coach, pre-briefing session for trainees, and creating a generally supportive environment, and constantly liaising with training personnel on trainees' progress performance. The lack of involvement in these areas may hinder the process of cultivating continuous quality improvement in the company. Moreover, because their direct involvement in the training function can lead to a greater likelihood of employee learning transfer, to neglect such a responsibility means



minimising the process of improving employee performance. This is highlighted in the case of Telekom Malaysia.

It has also been shown that some programmes conducted particularly in the NPCs in Malaysia were too theoretical and did not stress the practical aspects related to work issues sufficiently. Some training materials were also found to be using technical "quality" jargon which trainees found hard to comprehend, for example. It is argued here, therefore, that a limited knowledge of putting theory into practice may subsequently lead trainees to slip back into what they have always been doing even with adequate tools and skills. Findings from this study suggest that a sound implementation of a total quality training programme should be job-related and practical in nature rather than emphasising theoretical aspects. Total quality training programmes and activities should link theory to workplace problems and situations (Brown *et al.*, 1994). Consequently, it is argued that the effectiveness of quality training programmes is greatly enhanced when there is immediate application to the workplace coupled with follow-up feedback activities by middle/line managers.

Another significant finding suggests that the training programmes must be piloted prior to actual implementation. Three out of the four NPCs did not carry out any formal pilot testing of the programme. As a result, the training courses here were less effective in achieving the intended results. Although trial running the programme can be costly and time-consuming (these were the reasons given for non-implementation by the NPCs), its significance actually outweighs the drawbacks. Juran and Gryna (1993) have cautioned;

"Sometimes, in a haste to achieve great results rapidly, the small pilot phase is omitted; instead, massive training takes place with the expectation that the troops can then simultaneously advance on all fronts. This doesn't work" (1993:136).

This study confirms the view that without piloting the programme it would be difficult to assess the validity of the programme content to the target group. The programme effectiveness also depends to an extent on the capability of the trainers or facilitators. Findings from this study show that all NPCs made use of in-house trainers rather than relying on the external providers on the basis of cost effectiveness and the belief that they had more knowledge and experience of the company.

The final, but equally important factor for effective practice in management training is evaluation of the course to ensure the content meets the required aims and objectives. This process of evaluating is critical because it measures whether the training course fulfils the organisational objectives and determines whether learning has taken place. All the NPCs studied have some kind of evaluation during training usually using a formal sheet given to trainees immediately after a training session. This kind of assessment is used to measure trainees' reaction levels and explore the thoroughness of the content, the methods used, the course management and deliverer effectiveness. In relation to post-training evaluation, research findings revealed that except for British Telecom, this was not practised in the rest of the NPCs. The conclusion here is that unless extensive post-training evaluation is carried out, it will be difficult to determine overall training effectiveness. Overall, this research concludes that neglecting any of the positive elements in training practice especially strong management support and commitment, will make total quality training less effective.

These conclusions are drawn from empirical evidence collected over a two year period in four NPCs, two in Britain and two in Malaysia. The data was collected by semi-structured interviews, documentary sources and observations. Almost inevitably, such small scale research has weaknesses and encounters problems and this study is no exception. One major drawback of this study is that, due to limited time frame and financial resource, the small sample size drawn from both organisations and respondents might not reflect generalisation for other organisations across industry. However, the researcher is confident that even with limited sample, (two organisations of different nature from each country) this has allowed to develop contrast within the research case (Hartley, 1994), thus resulting in replication that can be considered a robust finding (Yin, 1993). The fact that this research was done using qualitative method (see Chapter 6), may result in biasness in interpreting data. Nonetheless, the use of triangulation techniques of gathering data allows the researcher to cross-checking and validating data (Patton, 1990) thus minimising this problem.

## 12.5. Recommendations for Further Research

Partly due to the weaknesses of this study and partly as a result of its findings it is now possible to make recommendations for further research on privatised corporations in seven related areas.

### 12.5.1 *The Need for Evaluative Research in Comparing Privatisation Initiatives and Their Impacts Between Malaysia and Britain*

While this research has noted some similarities and differences in privatisation initiatives in both countries, further research needs to be carried out at a later stage of the process to determine the impact of different privatisation models on performance



improvement in the NPCs studied. For example, one significant difference noted as a result of this research is the type of divestiture, the partial divestiture of Telekom Malaysia programme, and the full divest of British Telecom. The partial divestiture of Telekom Malaysia has been criticised because it resulted in limited opportunities for management to gain total freedom in managing the organisation, thus slowing the process of transformation. On the other hand, in British Telecom, the organisation was able to transform at a much faster pace. It did, however, also receive criticism for massive delayering. Thus, further research is needed to document the outcomes of both privatisation situations at a later stage in order to assess the strengths and weaknesses of both practices. Another point is that, the fact that it is extremely difficult to measure improvement performance as a direct result of privatisation at a later stage forms one weakness of this study. This is due to short time span of this study and the difficulty to separate out the effects of institutional change from other background factors. Another study is therefore proposed to compare organisational performance resulting from pre- and post-privatisation.

#### *12.5.2. The Need for Research on Privatisation Initiatives in Malaysia and its Effect on Organisational Performance and the Country's Economic Performance*

There is some literature on privatisation, especially in developed countries, but very limited research can be found on this practice in a country like Malaysia, where the debate of whether privatisation actually bring about the benefits claimed for it in its five privatisation objectives still remain to be answered. Most of literature on Malaysian privatisation covers aspects of the implementation processes and its impact from a positive viewpoint, but this makes little reference to NPCs'

performance resulting from this change in status. Furthermore, there are few coherent criticisms of the Malaysian privatisation programme (see Jomo, 1993; 1995a; Adam *et al.*, 1991).

In the context of the British privatisation experience on the other hand, numerous analyses have led to certain pitfalls being widely uncovered. This resulted in privatisation policies being continuously reassessed and revised to rectify drawbacks. For example, criticism on share ownership process which enabled only a wealthy few to benefit to led the British government to introduce certain measures to limit the volume of share purchase in favour of small shareholders and to reduce reselling of shares (Bos, 1991). Studies on the impact of privatisation have yielded some useful information on whether British privatisation has brought the intended objectives (Miller, 1995; Clarke and Pitelis, 1993) and the measurement of performance improvement (Parker, 1995a). For this reason, it is suggested that research is particularly needed to investigate the impact of privatisation in Malaysia at organisational and national levels to determine whether the objectives of privatisation have been achieved.

### *12.5.3 The Need for Evaluative Research in TQM Implementation for Cultural Change in the Four NPCs Studied*

Follow-up research is required to further evaluate the progress of TQM implementation in these NPCs' drive for cultural change, in particular from the managerial perspective. A longitudinal research is recommended for this kind of study. As has been stressed in the literature review in Chapter Four management's role is imperative in order for inculcation of quality culture to be successful. Thus,



this type of study could provide strong direction for management to carry out their responsibilities appropriately. Further research could also provide useful information on whether current practices are effective in facilitating an organisation's drive for transformation in order to enhance business performance.

#### *12.5.4 The Need for Evaluative Research in the NPCs Studied in Light of Management Training in Total Quality*

Similar studies at a later stage in the development of all the NPCs studied are needed. Research could be carried out to evaluate the extent to which management training in total quality has succeeded in achieving its objectives and subsequently contributed to enhancing business performance. Analysis needs to be undertaken to determine whether these programmes were appropriately linked to the business strategies and received full support from all levels of management as recommended by this research. At the time of this study, it was found that apart from British Telecom, total quality management implementation was still in the infant stage. While this implementation was found to produce slight performance improvement, an evaluative study might determine the extent of relationship between TQM implementation and business performance.

#### *12.5.5 The Need for Research on TQM Practices in Malaysia in Response to Change*

One of the shortcomings of this study is that, it deals with a small number of case studies. Therefore, further research involving a greater number of organisations is suggested in order to provide stronger support for generalisations and reliability of results. Further similar research on other organisations practising TQM is necessary



to determine whether findings reported in this research can be replicated or whether different results may emerge, with respect to a different form of organisation, particularly in Malaysia. Research in this area could provide better understanding on TQM practices in Malaysian organisations, whether they be private or public since there is limited study on this in the Malaysian context. Moreover, further research could provide information on whether theories of TQM from developed countries like Japan, the United States and even Britain could be applicable to developing countries like Malaysia. This could serve as a platform for what needs to be improved in order to make the TQM approach work successfully especially when applying it to organisations in developing countries.

#### *12.5.6 The Need for Research to Establish Theoretical Models for Better Understanding on the Impact of Change on Organisation and Management in Malaysia*

In Europe and the United States, there is an abundance of literature on the subject of change and organisational responsiveness. The works of Peters (1987;1982), Kanter *et al.*,(1992), Kanter (1984), Pettigrew *et al.*, (1994), Pettigrew (1985), and Handy (1993; 1989), all provide insight into how organisations should adapt to external changes and how management has to respond to such changes. With respect to Malaysia, such significant work has yet to be undertaken, thus contributing to a lack of understanding and a shortfall in information on management and organisational responsiveness to changes. The problem in a country like Malaysia is not only scarcity of literature on this, but also, research work in this area is still lacking. Little attention is being given by universities, ministry departments, and management institution, to this kind of research. It is therefore suggested that research could be

carried out using criteria developed by these writers to determine the extent of change and its impact on management in Malaysian organisations. This could provide significant understanding of organisations and management responsiveness to change.

#### *12.5.7 The Need for Research on Managerial Development, especially on Management Training in Response to Change in Malaysia*

The review of literature suggests that limited research has been undertaken on the issue of management development, especially on management training in Malaysia. In light of the current changes, many research projects have been conducted on management development in developed countries which is reflected in some organisations' high awareness of its significance where a substantial investment is considered necessary for future organisational success (e.g. see Handy, 1987). This growing awareness of the importance of management development has influenced British organisations generally (see e.g. Silver, 1991; Constable and McCormick, 1988). However, in Malaysia, this issue has been neglected, partly due to the lack of academic researchers and limited awareness of the importance of the subject matter. Such work from the British experience provides extensive information and guidance for similar research to be carried out in Malaysia to identify the state of current practices and to enhance widespread awareness of the importance of developing managers. Since this practice was neglected in Britain prior to the 1980s, there has been criticism that such neglect may have contributed to the nation's lack of global competitiveness (Handy, 1987). There is also the need for further research on current development compared to the previous practice in management training and



development in Britain. This could contribute significantly in determining the extent of organisations' response on this issue and its contribution towards business performance.

#### *12.5.8 The Need for Research in Analysing Transformation Process from Public to Private Sector in Malaysia in light of Management Response to Change*

While privatisation has become an important issue in the Malaysian economic policy, little research has been done to determine how public organisations should transform to become successful private entities. Studies of the process of transformation could serve as reference for organisations undergoing privatisation process or planning to be privatised. Of particular importance is the emphasis on how management should react to bring about change and to prevent chaos in organisation. The works of Pollitt (1994) and Farnham and Horton (1995), in particular, have provided useful information on changes in public organisations in Britain in response to changes in environment. Whilst the work of Parker (1995a) has contributed significant insights into the changes needed in the process of transformation from public to private. In this context, this research provides significant contribution not only as academic research for PhD, but as work that can be of practical usage, since the aspects of NPCs and TQM training for managers in Malaysia have not hitherto, been explored in anyway.



## 12.6 Contribution Made By This Thesis

Finally a number of significant contribution have been made by this thesis.

### 1. *Privatisation*

It can be seen from the respective case studies that privatisation has been the major trigger for change in these NPCs. This has necessitated cultural and structural organisational transformation to fit the new environment. Management play a central role in bringing about change for business performance improvement. Although it was argued by some analysts (Adam *et al.*, 1992; Vuylsteke, 1989) that privatisation initiatives in Malaysia mirrored those of the British privatisation, this study found that there were significant dissimilarities. Different privatisation models have been carried out between the two countries and different organisational outcomes have developed. One obvious distinction is that while the experience of British privatisation has led to massive delayering of staff, employees affected by the privatisation programme in Malaysia were mostly retained in the new entity. In contrast to the NPCs in Britain which were fully divested, the NPCs in Malaysia were only partially privatised as in the case of Telekom Malaysia where the Government still retained majority of the ownership shares.

### 2. *Cultural and organisational change through Total Quality Management*

The second major findings of this study concern the strategic issue of TQM in cultural and structural transformations. In many private and public companies, the need for cultural transformation became apparent after the implementation of TQM. Thus, such transformation resulted from the adoption of TQM and was driven by it. In the NPCs in this study, however, the need for cultural and structural transformation was

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### *3. Management training and facilitation of change*

It is argued that the change in status and the drive to becoming total quality organisations have necessitated the development of managers in the NPCs since they are seen essential in bringing about organisational change. Findings suggest that except for Malayan Railway, all NPCs believed that TQM implementation should begin with rigorous, company-wide training and education through a cascading approach. This study, therefore, supports Hockett's (1989) view that in contrast to other forms of training, total quality training should begin with top management and be cascaded downwards since it is unlikely that change will be brought about without management having led the way.

This study has also identified a difference between training in total quality and conventional training. Conventional training is normally the responsibility of training personnel. This study identifies that training in total quality requires all levels of management to share ownership in developing employees and providing a supportive environment in order to nurture a continuous quality culture. Training in total quality is no longer solely the domain of the training centre and training personnel. Instead, it demands proactive participation and support from management (Anderson, 1994; Blackburn and Rosen, 1993). What has emerged from this research is that except for British Telecom, overall management involvement and participation particularly in training activities and events is not yet evident as it needs to be and its importance has been underestimated in all NPCs. It is argued that unless management puts more effort into participating and being actively involved in the training, it is less likely that



TQM implementation will be successful in supporting greater business performance improvement.

#### *4. The process of management training*

The fourth significant contribution of this research is the analysis of the process of training practices in total quality for managers, and the identification of facilitating and hindering factors in the development of effective training practice in NPCs. The main contribution has been the development of the Management Training in Total Quality (MTTQ) Model, which provides a comprehensive integrated model of managerial training in TQM, specifically related to NPCs. The argument by Anderson (1994) that traditional emphasis has been on four common phases of training as explained in Chapter Five and that other elements surrounding training activities have not been given priority is supported by the findings of the NPCs studied. The analysis of findings reveals that in the majority of NPCs where training activities have been carried out, some of these elements have been neglected or unsystematically practiced. A MTTQ model has been developed as a result of this research finding. This may provide greater understanding of what needs to be done to achieve more significant outcomes from managerial training in total quality.

It is seen from this study that the result of pressures emanating from political and economic environment has triggered the NPCs to change both structurally and culturally. The deployment of TQM by management of NPCs led the development of managers through training to be seen central in order to prepare them to assist this transformational process. This MTTQ and its underpinning research adds to the work

of a number of researches and organisations (Pettigrew *et al.*, 1994; Coulson-Thomas, 1994; Sloman, 1994; Bentley, 1991). This work contributes to the question of why firms train, what stops them and how and why certain firms are able to develop their human resources as a resource for competitive advantage. What this research demonstrates is that these organisations developed their human resources under new competitive pressure. However, the triggering effect of business competitiveness was not always in itself sufficient to sustain effective training for TQM implementation. Effective training required managers as champions, appropriate resourcing and an immediate dynamic training model. Rather than training been seen as a tap which could too readily be turned on and off (Pettigrew *et al.*, 1994), the MTTQ model suggested that with all of the elements in place, training managers in TQM shifts training from the periphery to the core of the business. What can be concluded from this study suggest that, where there is proactive management involvement in the training practice, and training activities are coherently exercised, the implementation of TQM tends to be more successful. Thus, it can be claimed that what this research reveals is that;

"Training (in TQM) can get hearts and minds around the philosophy and culture of the business; (but) this cannot be achieved by telling people" (Management Development to the Millenium, 1994:78).



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## COMMENTARY SECTION

### **1.0 TQM as an Approach to the Issue of Organisational Change**

The underlying argument from this study is that the change in status brought about by privatisation inevitably called the need for internal change within the newly privatised industries. This is because the NPCs' capability of surviving is dependent on its ability to respond to the changing environment. Not surprisingly, managing such major organisational change in the NPCs has proved to be a difficult task for management. In this review of TQM as a vehicle for organisational change, an examination of the range of theoretical foundations of managing change in organisations will be carried out leading to a critical review of the applicability and validity of TQM as opposed to other change theories.

Analyst like Whipp *et al.*, (1987) has argued that because of changes in the external environment, organisation and management therefore need to adjust and adapt internally so as to be relatively competitive. This suggests that organisational re-design seems to be essential in order for organisations to adapt and 'fit' into the changing environment (Burns and Stalker, 1961; Lawrence and Lorsch, 1967). The argument here being that internal change is necessary because organisational structure and managerial practice will vary as a result of differences in environment. For example, Burns and Stalker (1961) in their study on twenty industrial firms in the United Kingdom, concluded that compatibility between organisation's structure and

its environment is important for organisational success. They argued that the so-called **organic** form of organisational structure suitable for turbulent environments was significantly different from those organisations of **mechanistic** structure within stable environments. Thus, Burns and Stalker (1961) present two different set of polarities within which organisations and management could respond depending on the environment in which they operate. However, this does not mean that organisations change along these dimensions at the same rate and within the same time.

This view is not exempted from criticism. It has been said to be lacking investigation into the possibilities that both of these structures may co-exist in a single firm (Dawson, 1994; Webb and Dawson, 1991). Another criticism is that this theory fails to consider historical and political dimensions associated with managing change in an organisation (Dawson, 1994; Pettigrew, 1985) which results in a failure to provide a convincing explanation of the way in which organisations do and should operate (Burnes, 1996). It has been argued that this theory is irrelevant in today's turbulent environment because it was "rigid, static and dysfunctional" (Morgan, 1986; Webb and Dawson, 1991). Therefore, to cope with major environmental turbulence, organisations must change their structure. In the face of constant change, however, the real need is not for a fixed "organic" structure but for a flexible, quality driven organisation.



Wood (1979) notes that contingency theorists treat change as 'unproblematic' and that they (theorists) were unable to explain change in a direct and clear manner. As he argues;

"despite its applied orientation, contingency theory remains abstract and scholastic and, in effect, views organisation change as essentially an intellectual and technocratic expertise "(1979:338).

This, therefore, supports the argument that contingency theory may be less relevant in the context of the current dynamic environment where new and different types of organisations continue to emerge. To this extent, this study questions whether the two sets of polarities are appropriate for management systems in the NPCs under study. This is because in order to respond to the changing environment, these organisations must formulate and implement change strategy continuously where the "accumulations of managerial decisions combined with the changing environmental effects can produce major transformations in the firm" (Whipp *et al.*, 1987:16). Thus, it can be said that the process of change in NPCs does not match with the contingency theory of 'organic organisation' since continuous internal restructuring does not necessarily guarantee 'fit' to the dynamic changing environment. Findings from this study showed that change through TQM implementation required continuous effort in all the NPCs.

Whilst contingency theory attempts to provide an understanding of the link between organisational structure and its environment, Kurt Lewin (1951) attempted to explain planned change by dissecting the process itself. He views organisational change as a critical planned process of moving from one

fixed state to another through a series of pre-determined steps. According to Lewin (1951), the process of implementing change involves three stages, namely unfreezing, changing and refreezing. Unfreezing is the stage where management recognises the need for change action to be taken to unfreeze existing attitudes and behaviour of workforce (Dawson, 1994:16). This initial stage is imperative in order to gain employees' support and involvement and at the same time minimise their resistance (Dawson, 1994). The next step is the state of changing or moving the organisation. This involves the actual implementation of new ways of doing things. Having analysed the current situation, action is then required to change to a more desired state of affairs (Burnes, 1996:183). The final step is to refreeze the situation after reinforcing new employees' attitudes and behaviour towards work once this has taken place. This refreezing stage is to stabilise the organisation at a new state of equilibrium where employees are comfortable with new working systems rather than reverting to the previous ones (Burnes, 1996:183).

In the process of change, Lewin's technique of field force analysis assumes that employee's behaviour is influenced by the driving forces (pressures for change), and the restraining forces (pressures against change). As a consequence, both these forces must be adjusted until a stable state of "quasi-stationary equilibrium" is reached (Dawson, 1994:17). This suggests that there are always forces for change in organisations, but they tend not to change because the pressure for change is in balance with the resistance to change. Only when this balance comes into disequilibrium will change take place.



However, this theory of planned change has been criticised for being irrelevant with the increasingly unpredictable environment (Dawson, 1994; Wilson, 1992). These writers argue that this theory assumes organisations operate in a stable and predictable environment where behaviours can be predicted, managers can identify the required change, and employees will welcome and willing to change. However, in reality this is not the case (Dawson, 1994; Dunphy and Stace, 1990; Wilson, 1992). Evidence from this study, for instance, showed that NPCs have to face resistance to change from all levels as well as to operate in a competitive and unpredictable environment. For example, in British Telecom, the early stage of privatisation saw great resistance to change coupled with employees' demoralisation that stemmed from delayering, hence posed real challenge to BT management. Apart from this unpredictable internal environment, Wilson (1992) argues that there were wider, complex and more determinate forces that influence change that were beyond management control and that these have been ignored. In the case of this study, it can be seen that government deregulation policy, competition, and customer sophistication are beyond management control. Such factors drove the NPCs to change in order to survive and be at competitive edge. Findings also showed that to an extent, it was difficult for the NPCs rigidly to plan the change process or achieve a stable state after change. Reaching a new stage (refreeze) does not guarantee of its permanency, nor does it guarantee for the move to the next stage as sometimes both stages of unfreeze and change occur simultaneously and continuously. This is true especially with Telekom Malaysia, Malayan Railway, and Regional Railways Central where

there appeared that both stages of unfreeze, the process of 'discarding' traditional bureaucratic style of management, and the stage of changing or 'adapting' to a commercial-like entity occurred simultaneously. Moreover, the competitive environment faced by all the NPCs forced them continuously to improve the process, product and the people (which is the philosophy of TQM) rather than being refreezed. This suggests that the reality of organisational transformation through TQM by management of the NPCs is partly due to the convincing evidence illustrated by many successful stories where this strategy has contributed to performance improvement.

A more recent model of organisational change is the emergent theory of change (Dawson, 1994; Pettigrew and Whipp, 1993; Wilson, 1992). Unlike planned and contingency approaches to change, this theory views the process of change as dynamic and ongoing (Dawson, 1994; Wilson, 1992) without necessarily leading to improvement (Dawson, 1994). Proponents of the emergent approach propose an extensive and deep understanding of strategy, structure, systems, people, and culture, and how these can function either as sources of inertia that can block or encourage an effective change process (Burnes, 1996:188-9). This approach takes into account a processual perspective which emphasizes "the importance of ongoing timeframes and the interconnected dynamics between the substance, context and politics of change" (Dawson, 1994:173). However, since this approach seems relatively recent in development, it therefore "lacks an agreed set of methods and techniques" (Burnes, 1996:187) and clarity. Rather, change has been described vaguely as



“a continuous, open-ended and unpredictable process of aligning and realigning an organisation to its changing environment” (Burnes, 1996:170). This approach simply indicates that “there can be no simple prescription for managing organisational transitions successfully, owing to temporal and contextual factors” (Burnes, 1996:187).

Considering these approaches of change, it can be said that none of them could easily fit into the NPCs process of transformation. As Burnes (1996) argues;

“neither emergent nor planned approach is suitable for all situations and circumstances” (1996:171).

This suggests that the NPCs' process of transformation involved continuous process of adjustment for improvement. The managers' role then is to influence the constraints and conditions under which their organisations operate, and guided by clear goals to becoming quality organisations. For instance, the process of transformation of British Telecom witnessed a series of total quality programmes being launched. In 1987 when Commitment to Action programme was seen as less successful, another programme called the Project Sovereign was launched three years later. These programmes were implemented as management action to influence employees to accept change, to inculcate the culture of continuous improvement and focus primarily on customers' satisfaction.

However, it can be said that because the change process depends on the interplay of multiple variables like context, political and consultation, there can be no simple rule in order to manage organisational transitions

successfully (Burnes, 1996). Findings from this study and other studies have shown that organisations do experience difficulties in the process of managing change (Dawson, 1995; Wilson, 1992; Beer *et al.*, 1990). This suggests that there can be no one best model of successful change for organisations to replicate as they vary structurally and culturally. A more practical approach applied by the NPCs in this study is that the change process should proceed by small, flexible and incremental steps, guided by some pre-established long-term goals such as having quality visions and missions. In Telekom Malaysia, for example, the move towards becoming a total quality organisation included the launching of various quality initiatives like Total Customer Satisfaction programme, Total Quality Index survey and reward system. Similarly, the management of Regional Railways Central has introduced total quality programmes like Quality Process Projects, Quality networks, gap analysis of customer needs and perceptions, Competency Development Strategy and Leadership training. Indeed, the way change has been implemented in these NPCs was similar to those reflected by Johnson (1993) where "strategies are developed in stages (by management), carrying the members of the organisation with them" and inducing their employees' commitment continuously, but on a low scale of change (Johnson, 1993:60).

Burnes (1996:172) notes three important reasons for organising change: the introduction of new technology, the adoption of TQM over the last decade, and more recently, the application of Business Process Reengineering (BPR) in which all these were aimed at improving performance and competitiveness.



However, TQM as argued from this study is not seen as a reason for organising change, but rather a strategy of change which emphasises on management action to inculcate company-wide commitment to quality and transformation from a public service oriented mentality into a culture of continuous improvement. Although the NPCs' implementation of TQM varies from one to another in terms of organisational capacity, priorities and goals, they actually share some common basis of achieving an effective "cross-functional operation, largely through sales and marketing interacting with production, coupled with an obsession about quality service for customer" (Wilson, 1992:93).

In this study, the focus is on TQM as a vehicle to drive change since these NPCs believe that it could bring fundamental change, and by doing so, would gain and maintain competitive edge. However, some opponents (e.g. Wilkinson *et al.*, 1994; Grant *et al.*, 1994) clearly dismiss the potential success that can be gained from its implementation. These analysts argue that TQM is too expensive to implement due to the costs incur, difficult and complicated to apply, just another management fad and there were more failures than success. But, such criticisms were less convinced to some organisations like these NPCs. To them, this controversial issue as debated in Chapter Four, however, continues to gain recognition because of the benefits showed especially by the success of the Japanese companies. This is in agreement with many writers (e.g. Kerfoot and Knights, 1995; Oliver and Wilkinson, 1989) who argued that despite of its criticisms, TQM continues to experience exponential growth. For example, in the case of British Telecom, TQM was seen as a key to create

a new BT culture after several unsuccessful attempts (Heller, 1993). From the viewpoint of change, TQM is seen by the NPCs as "a workable method of handling changes in the shifting from mechanistic towards more organic ways of working" (Hill, 1995:52). This is true with the cases of British Telecom and Telekom Malaysia, where TQM is seen as an effective tool for shifting their organisations from engineering-based towards customer-oriented management.

Unlike other approaches to change, TQM is seen by the NPCs as providing solutions dealing with both internal and external environment, stressing co-operative and customer/supplier relationships within and outside organisations. They have adopted TQM as an attempt to control the effects of change from both internal and external environments through establishing good relationships among employees and their suppliers. These relationships based on trust, reciprocity and collaboration were depicted by Dawson (1994) as "collaborative organisational networks", imperative for continuous improvement so as to maintain and enhance organisational control over changes in both the internal and external environments (Dawson, 1994:86).

From another perspective, Hill (1995) notes that;

"TQM unites routine management and managing for innovation in one set of organisational arrangements and practices, provides a method of facilitating changes of a more radical and innovatory kind" (1995:41).

Thus, it can be said that TQM has succeeded in avoiding the problems of duplication of managerial work leading to a more innovative way of dealing things. For instance, findings from this study suggest that change through



TQM has contributed to increases in efficiency and productivity. Besides, TQM was adopted by management of the NPCs based on the strong belief that this approach is capable of accelerating the process of transformation structurally and culturally. Central to the NPCs' decision for its implementation is the issue of changing 'the way things are done' from a bureaucratic, traditional approach to being competitive, commercially oriented management. This suggests that it would be difficult for British Telecom and other NPCs to achieve this unless they become 'more like a business' and 'transform their civil service mentality' (Tuckman, 1995:73). The same is true with British Railways where Pendleton (1995) notes that the quest for quality has provided the company;

"a rationale for change to a workforce deeply suspicious of management initiatives,...useful for reinvigorating a workforce demoralized from a decade of government spending cuts and uncertain of the prospects of a privatized railway, (and) could encourage employees to improve their work performance" (1995:229).

In this regard, TQM is seen as a way of transforming and improving quality of service through change in structure, process and systems, and more important, the employees' attitudes. Clearly, this is evident in the case of British Telecom, for instance, where TQM centred around the product, process and people all working together towards putting customers' first. The change in organisational status therefore led the NPCs under studied to realise the need for organisation and management to change via TQM, hence this called the need for training especially those managers which explicitly focus on customers. This has not been the case with some other organisations where TQM was initially introduced due to business failures or as a management tool

to achieve and maintain a competitive (Burnes, 1996). Hence, the need for cultural transformation was later recognised (Dawson, 1995; McArdle *et al.*, 1995; Porter and Parker; 1993).

Change through TQM in the context of NPCs, has also being perceived differently. According to Wilkinson *et al.*, (1992) because some proponents of TQM were from operations management field, much emphasis was therefore given on the 'hard' approach of quality like the aspects of designing and conformance to customers' specification. Whilst less focus was put on the 'soft' side of quality especially internal customer/supplier relationship. This suggest that in contrast to the view that TQM is deployed within technical discourse, this study argues that for the NPCs, this is seen as a mechanism for cultural transformation.

In contrary to other change approaches where the process is predictable and manageable, to these NPCs, TQM offers an alternative of dealing in an environment where change is the norm. The change in status of the NPCs inevitably calls for the need to transform into quality service organisations through TQM, and this becomes the central focus of their initiatives. Change is permanent, and for the NPCs, this is not simply dealing with the issue of stable and turbulent or unfreeze or refreeze, but rather, complex, dynamic and the strive for continuous improvement.



## **2.0 Total Quality Management: An Analysis**

The discussion on TQM has been central to this study as this mechanism is used by the NPCs in order to bring about changes in the organisations internally. These changes were essential since without adjusting to new environment, it would be difficult for the NPCs to be competitive. Strategies such as having a customer focus and improvement in organisational performance remain imperative for the NPCs. In this study, it is argued that the rhetoric of total quality improvement provided a useful legitimation device to push the NPCs forward for radical transformation as a result of privatisation. Findings revealed that there was a convergent in views that the NPCs in this study undertakes TQM as a tool to bring about cultural change. However, evidence gathered from these NPCs suggest that quality implementation has not been easy for management. To an extent, there was a lack of management understanding that surfaced from TQM implementation leading to problems and barriers, hence less encouraging results has been achieved, for instance, as in the cases of Telekom Malaysia and the Malayan Railway. Findings from both these case studies converged to the views that less effective TQM implementation partly was due to the companies' unawareness of the problems that may arise with regard to cultural transformation. Such issues have not been dealt with in great details in the literature (Wilkinson and Wilmott, 1995; Dawson, 1995; Hill, 1995). Wilkinson and Wilmott (1995:1) write that many books "champion the cause of quality management" and about "three-quarter of companies in the United States and the United Kingdom" implemented such programmes, but only "few studies address its actual meaning, or

reflect upon its practical implementation or social significance". In a similar vein, Dawson (1995) argues that;

"The absence of critical evaluation, or of a simple assessment of the company requirements of change, has served to downplay the contextual communication issues and cultural dimensions...(In addition)...the cultural change aspects of TQM remain under explored within the Western context, with many companies indicating a general reluctance to discuss the problems associated with implementing quality initiatives" (1995:173-4).

Thus, this lack of studies on problems of cultural transformation and how to overcome these barriers showed that TQM has been poorly understood. This is true in this study. For example, senior management in both Telekom Malaysia and Malayan Railway were unaware and not prepared for the complexity faced while trying to bring about cultural change. This, therefore, resulted in problems like resistance to change, poor morale, the persistence of political intervention and the difficulty of winning the employees' mindsets to accept change. These findings do correspond to the views of many writers (Tuckman, 1994; Atkinson, 1990; Collard, 1990).

Some argue that although TQM is often associated with cultural transformation, the complexity of such transformation, especially its nature and extent, and how to overcome it, has not been the focal point of discussion (Wilkinson and Wilmott, 1995; Hill, 1995). Many researchers (Wilkinson and Wilmott, 1995; Hill, 1995; Kerfoot and Knights, 1995; Rajagopal *et al.*, 1995) argue that although TQM advocates may include the issue of the need for cultural change, little has been mention about how companies dealt with quality culture implementation that failed to accomplish the intended results. Thus, some



companies such as these NPCs, fail to foresee difficulties. To some extent, they have not taken into account the important issues like top management involvement, the need to create supportive environment, company-wide education and training, and continuous improvement. Commenting on the lack of understanding when implementing TQM, Atkinson (1990) cautions;

"Organisations can get so carried away with the inherent wisdom of TQM, together with the simplicity or 'good sense' of the concept, that they fail to take account of the important issues relating to implementation" (1990:100).

Evidence also showed that some NPCs, for example, Telekom Malaysia and Malayan Railway simply adopted TQM with the belief that it could assist them in a quick transformation. However, they later realised that this was not the case when faced with difficulties in the change process. This was explained in the case study of Malayan Railway where besides the frontliners staff, TQM was not spread company-wide due to little or no training provided for the rest of the workforce.

One major issue faced by majority of the NPCs in the transformation process is management resistance to change. Evidence gathered suggest that TQM implementation in the NPCs such as Telekom Malaysia, Malayan Railway and Regional Railways Central was followed with management dilemmas, fear of losing authority and managing in a traditional way. Some upper managers found it hard to exercise their new roles to create and support a continuous improvement culture and to bring about change to others. This finding is supported by Hill's (1995) statement that management often neglects;

"a proper understanding of how companies operate (TQM), the difficulties faced in introducing planned change...(and that)...top managers should win hearts and minds without compulsion" (1995:40).

Similarly, Kerfoot and Knights (1995) comment that literature oftens hold to;

"(the) naïve belief that shifts in organisational culture can readily be accomplished as an outcome of managerial will...(without considering)...the differential forms of engagement and/or resistance" (1995:229-30).

Management resistance caused by organisations' haste to become competitive without proper preparation is one major barrier towards change as evident in this research. This suggestion is in parallel to what Wilkinson and Wilmott (1995) put;

"quality initiatives are often imposed upon an unprepared and resistant, if not hostile, management by the intensity of (global) competitive pressures" (1995:12-3).

Another factor associated with quality implementation is the question of adopting a culture that is receptive to TQM. It can be argued that the implementation of TQM is in conflict with traditional Western management practices of autocratic command and control which have long been embedded in organisational management practices (Thomas, 1995; Bounds *et al.*, 1994; Kanji and Asher, 1993; Glover, 1993; Garvin, 1991). This traditional ideology which stress hierarchical control and bureaucratic administrative systems have taken root and shaped the cultures of many public sector organisations. What has emerged from this study is that such ideology has moulded the attitudes and behaviour patterns of many upper managers in Telekom Malaysia, Malayan Railway and Regional Railways Central, thus making it hard for them to accept and practice those style of management as required by TQM. This conclusion finds support from many writers (Wilkinson and Wilmott, 1995; Glover, 1993; Thomas, 1994;



Logothetis, 1992; Garvin, 1991) who contend that even with strong incentive to implement TQM, many organisations find it difficult to break away completely from their traditional management practices. In this context, Glover (1993) comments;

“the most critical obstacle to overcome is the perception of reality created by the old management. It is often difficult to see beyond the cognitive structures which western cultures have provided. These structures inhibit potential to be creative in how things are done in organisations” (1993:49).

Reinforcing this view, Logothetis (1992) notes that top management are themselves the advocates of change and often, in the process of accepting new ideology;

“no improvement can ever materialized without a change in the old management attitudes...(but)...old attitudes die hard and can be an obstacle to change” (1992:2-3).

Clearly, this distinction between traditional management culture and a culture that supports quality is one of the main barriers to change. This is evident in some of these case studies, for example, Telekom Malaysia and Malayan Railway. Thus, many writers agree that this barrier to change contributes to the ineffective implementation of TQM (Eberts and Eberts, 1995; Dale and Cooper, 1994; Grant *et al.*, 1994; Ferdows *et al.*, 1987). As Glover (1993:30) points out, western managers who were “heirs of traditional bureaucratic values” still focus on “control instead of customers”. For examples, in Malayan Railway, some senior management still favoured a traditional bureaucratic way (Middle Manager 1, Tape No.14); whilst in Telekom Malaysia, quality initiatives could not materialise company-wide even after several years of implementation (Mohd Ali, 1993); and in Regional Railways Central, “old habits die hard” (Mahoney, 1994). Thus, these findings suggest that without strong top management involvement and a supportive

environment for change towards quality culture to take place, it would be hard to alter the traditional culture.

It can be seen, therefore, that training for managers is crucial when introducing TQM because they need to learn new skills and knowledge in order to manage the new competitive environment. This suggests that change in organisations will be unlikely to take place without managers changing themselves. Accordingly, evidence show that top management in the four NPCs studied acknowledged the need for education and training company-wide in the drive into being quality culture organisations. Regional Railways Central, for instance, introduces a set of new competencies in its Core Management Skills training for its managerial and supervisory staff. Similarly, British Telecom has been focusing on attitudinal change throughout the company. Telekom Malaysia, likewise, has been emphasising on quality conscious company-wide, while Malayan Railway seems to be striving towards upgrading the interpersonal skills of its workforce.

Apart from the issue of management resistance to change, it has been argued by many analysts (e.g. Eberts and Eberts, 1995; Dawson, 1995; Morris and Wilkinson, 1995) that the unique link between Japanese culture and quality principles may make it difficult for companies from other countries to emulate TQM. Referring to these differences between Japanese and the Western culture, Eberts and Eberts (1995) argue that the Japanese culture is inseparable from quality principles and that;

“Many Japanese management or business practices rely on discipline and conformity of the group which cannot be exported to other countries because they will not work in the absence of supporting culture” (1995:v).



A study of Australian companies by Dawson (1995) depicts a similar picture. Dawson (1995:173-9) concludes that the differences between the Japanese and the Australian workforce make it 'problematic' to adopt "a unitary model of organisational culture". This, therefore, suggests that failures of some worldwide company practices to inculcate quality culture may be due to the extent that the Japanese put a high premium on customer, leadership and continuous improvement while other workforce do not. This is compounded by the extent to which western managers are more obsessed by the short term pressure to perform well on cost, meet production schedule and making breakthroughs (Bounds *et al.*, 1994; Garvin, 1991; Ferdows *et al.*, 1987) rather than focusing on quality *per se*. One study by Garvin (1991) of Japanese and American manufacturers concluded that the former were far more superior due to their strong commitment for continuous improvement. Moreover, the Japanese understood clearly the real importance of top management involvement in the quality improvement process, whereas the western companies viewed TQM as one of the management's functional areas run by specialists (Kanji and Asher, 1993:6). This, therefore, led the management of Japanese companies to be seen engaging in total quality holistically embracing diverse aspects of business and human life, whilst the top management in western companies took a less active role in TQM development processes (Kanji and Asher, 1993). To this extent, what emerged from this research suggests that in some of the NPCs, particularly those from Malaysia, where top management showed less involvement and support towards TQM implementation, cultural transformation seemed to be slow and less effective company-wide. However, such transformation into a quality culture is not

impossible to achieve, although with difficulties. British Telecom, for instance, in the early stages of its implementation of quality initiatives was not without problems (Pickard, 1992). For example, the failure of 'Commitment To Action' programme in the early years of its privatisation was largely due to managers inability to implementing it to their subordinates. However, following strong top management support and commitment with the appointment of the new Chairman in 1987, the momentum for quality initiatives continue to gain ground, thus making some progress in the company.

Despite these allegations that TQM is culturally specific, stressful and impossible to emulate, (Yavas, 1995; Grant *et al.*, 1994; Bounds *et al.*, 1994; Glover, 1994; Glover, 1993; Logothetis, 1992) this study concludes that this is not necessarily the case. Evident shows that although there are difficulties in its implementation, TQM could at least yield some, if not all, of the intended performance improvement. TQM is, in fact, applicable both to Eastern and Western cultures (Grant *et al.*, 1994; Logothetis, 1992). As Grant *et al.*, (1994) underline;

"TQM represents one of the first truly global management techniques...(It) integrates American technical and analytical skills, Japanese implementation and organisational expertise, and European and Asian traditions of craftsmanship and integrity" (1994:27).

To this extent, studies on TQM implementation around the world such as in this study, in Australia (Dedoussis, 1995), Malaysia (Abdullah and Keenoy, 1995), Brazil (Humprey, 1995) and the United States (Kenney and Florida, 1995) suggest that the question is not of 'cultural differences'. On this, Logothetis (1992:20) forwards the argument that the



'*difference-in-culture*' approach was only an excuse offered by western management who refused to admit their failures. As he comments;

"The fact is that the Japanese success has much to do with good management practices and little to do with national cultural factors. The distinction is not one of national culture, it is one of company culture, something that top management has absolute responsible for" (1992:3-20).

Likewise, Juran (1993) contends that;

"the successful companies, are numerous enough to have proved that world-class quality is attainable in our (western) culture" (1993:38).

These assertions therefore suggest that TQM is applicable to any company, as evident in this study, provided that an appropriate company culture is adopted, fully implemented, supported by top management and sustained (Grant *et al.*, 1994; Bounds *et al.*, 1994; Glover, 1993; Kanji and Asher, 1993).

Instead of culture being a possible excuse for TQM failure, this study argues that the lack of understanding of what is required for TQM, lack of management support and employees involvement in implementing it are some major causes of poor TQM implementation. Moreover, this study converges to the opinions that it usually takes several years of hard work before successful results become a reality. TQM is not a quick fix, nor a short cut to gaining benefits (Hawley, 1995; Hill, 1995; Sandelands, 1994; Bounds *et al.*, 1994). Hill (1995) for example, cautions that;

"it takes several years to introduce, develop and institute full-blown TQM,...many British companies have introduced aspects of modern quality management but apparently have not embarked on full TQM...many have done so on the cheap and in the hope of a quick fix, ignoring the principles of best practices and the substantial investments required, and proceeding in a half-hearted, unsystematic and partial way, with the result that they have got it wrong" (1995:48).

Another point of discussion raised from this study is that, unlike other companies that see cultural change as a necessary corollary of TQM (Baines, 1993), these NPCs tried to deploy TQM to assist necessary cultural transformation. These companies explicitly choose TQM as a method to undertake internal organisational change. Within this context, it is therefore argued that management concerns for quality forms an integral part of the transformation process. This argument finds support in Hill (1995) who emphasises that;

"(TQM) can be seen to address twin issues of how large corporations may increase the entrepreneurial propensity of their managers and debureaucratize their organisations" (1995:401).

In this regard, the researcher is in agreement with the opinion put forward by Reed (1995) in that restructuring process by management through TQM is intended to make the employees in the NPCs more open and responsive to customer needs, and to nurture more flexible and group-based forms of working. Thus, TQM in its broadest sense, whatever inherent limitations and difficulties that might arise from its implementation, inevitably the question raised here is that will the NPCs be better able to improve performance without it, given the backdrop of poor "quality" public services in their former status.



### 3.0 Rationale for a Qualitative Approach

This study sets out to investigate the nature and extent of managerial training practice in total quality carried out in the Newly-Privatised Corporations (NPCs). It attempts to ascertain the constraining and facilitating factors for the practice of management training in total quality in the NPCs. The research on which this thesis is based has been conducted within the qualitative rather than the quantitative paradigm. The use of the quantitative approach has been rejected on several accounts.

Firstly, it was deemed inappropriate for the focus of this study in that quantitative research inherently focuses on measuring rather than exploring subjective social and political issues such as those addressed in this research. The intention of this study was to gain in-depth and detailed understanding of individual respondents' feelings and perceptions on management training in TQM in the process of change. This demands detailed discourse development and recording of sentiment and attitude rather than factual measurement. As Hartley (1995:5) argues, quantitative methods may be able to assess that a change has occurred over time, but it cannot describes how (what process involved) or why it occurs. Similarly, Hammersley (1983) notes that "artificial" methods like questionnaires, survey, and experiment are incapable of capturing the meaning of daily human activities (1983:2). In light of this research, such methods are unable to probe the natural social problem in depth. It would be difficult to measure the process and meaning of the phenomena studied in quantitative terms (Guba and Lincoln, 1994).

Abercrombie (1988) in Burns (1997) makes a salient point that has influenced this research design;

“Social science research can never be objective because of the subjective perceptions of those involved, both informant and the researcher; because all propositions are limited in their meaning to particular language context and particular social groups; because all researches impose unwittingly their own value judgments and because all observations are theory laden” (1997:292).

This suggests that the real nature of truth in the social sciences is subjective, transitory and specific to context. For the social scientists, the concern should be to deal with what is actually occurring in the settings and reporting respondents' views and interpretation of meanings rather than dealing with quantitative or objective terms. This ethnographic approach underpins the methodology design in this work.

Secondly, quantitative methods stress the need for precision and control to provide unambiguous results. This research was to be carried out in dynamic, naturalistic settings with respondents coming from diverse experiences and backgrounds, with different personalities and roles within the companies. Not only would it be impossible to control such variables meaningfully but an attempt to do so would also negate the breadth and quality of the data achieved. The data collected was based on the views and perceptions of the respondents. It was then described and interpreted in a logical manner to provide a meaningful picture. This subjective nature of qualitative data clearly does make it difficult to apply conventional standards of reliability and validity. Nonetheless, as Burns (1997:13) argues, the *“richness, individuality and subjective nature of a participant’s perceptive and understanding”* which is *“not amenable to the usual scientific criteria”*,



does not *“make such understandings any less real or valid for that participant”*. This view underpins the methodological design of this research.

Finally, the quantitative researcher views events from an outside world perspective attempting to be dispassionate, neutral and detached so as to avoid bias. On the contrary, the qualitative researcher and in particular the management researcher, must measure events from the perspective of actual insight within the real context of the phenomenon dealing with complexity and interwoven social relationship. This will require inevitably some degree of personal contact with some key personnel in the NPCs. Moreover, this research is not only interested in the physical events of management training and TQM implementation, but, far more important, is to understand participants' feelings and perceptions of what is happening and their interpretations of the subject matter studied.

Based on these principles, it can be seen that a qualitative methodology is the most appropriate instrument of research in principle for this project. In practice, however, the question becomes twofold; to what extent can the qualitative technique sensibly be used for this research and specifically what methods are appropriate and rigorous. The researcher's preference for a qualitative over a quantitative methodology was based on the suitability of this method to probe the research problem. Qualitative method is more able to investigate the nature of managerial training practice and TQM implementation where this involves interpretation of meanings on human activities. Hence, the explanation by means of objectivity may well be inappropriate.

Qualitative study requires the researcher to collect and analyses data based on documents, spoken texts or personal observation to explain the social events or phenomena. Such a strategy is said to be most appropriate when a researcher tries to uncover social phenomena within natural settings (Hammersley and Atkinson, 1983; Zigarmi and Zigarmi, 1980). It was the aim of the researcher to make careful observations in order to uncover the practices of management training in total quality and the related change processes occurring in the NPCs. Since this study was designed to capture a holistic picture of an organisation's routine training practice and its surrounding activities in the pace of change, an ethnographic methodology was critically considered. Ethnography, as described by Berg (1989);

Examine various phenomena as perceived by participants and represent these observations as accounts...(thus through these) examinations of people and their social discourse and the various outcomes of their actions, underlying principles and concepts can be identified"(1989:52-3).

Discovering the phenomena from an ethnographic perspective is appropriate for this research because the process and product of describing and interpreting social problems (Schwandt, 1997:44) allows flexibility, and enables the researcher "to check out his/her understanding of the phenomenon under study" (Hammersley and Atkinson, 1983:24). Through the ethnographic approach, the researcher was able to gain first-hand experience about the training process in the NPCs. Within this context, the researcher tried to understand the importance of management training and to identify relevant organisational constraints in the respective NPCs.



To gain this understanding, the researcher, as an ethnographer, conducted field study in the NPCs to explore and analyse the management training processes and activities. Through close interaction with the subject, the researcher constantly refined his understanding of the social phenomena studied in different companies' settings. The techniques employed included in conducting the field work were:

- (i) Observing and recording of particular management training programmes in total quality in session in every NPC;
- (ii) Conducting interviews with selected respondents from different categories and positions;
- (iii) Gathering relevant documentary data and linking this to other data in order to further illuminate the nature of the research problems.

The above research techniques are parallel to those suggested by Hammersley and Atkinson (1983);

"The ethnographer participates, overtly or covertly, in people's daily lives for an extended period of time, watching what happens, listening to what is said, asking questions, in fact collecting whatever data are available to throw light on the issues with which he or she is concerned" (1983:2).

Similarly, Taylor and Bogdan (1984) contend that through these techniques, findings from ethnography are solid and its validity can be achieved;

"qualitative methods allow us to stay close to the empirical world. They are designed to ensure a close fit between the data and what people actually say and do. By observing people, listening to them talk...looking at documents they produced, the qualitative researcher obtains first-hand knowledge of social life unfiltered through concepts, operational definition and rating scales" (1984:7).

This opinion strongly supports the researcher's viewpoint in that it is only through ethnography techniques that first-hand data can be collected and that a phenomenon such as the effectiveness of an organisation training process can be understood.

Within the context of this research, the researcher is cognizant of the limitations of the ethnographic method. Ethnography has been criticised as being inappropriate because of its inherent subjectivity, possibly producing results merely based on idiosyncratic impressions and thus lacking solid foundation for scientific analysis (Hammersley and Atkinson, 1983). To overcome these potential weaknesses, several measures were used. These include triangulation (Denzin, and Lincoln, 1994; Merriam 1988; Fielding and Fielding, 1986; Denzin, 1970); cross-checking for validation and verification of data (Merriam, 1988; Guba and Lincoln, 1981; Reason and Rowan, 1981; Miller and Humphreys, 1980).

Triangulation techniques refers to the use of interviews, observation and documentary sources by the researcher in collecting data (Denzin, 1970). By combining these techniques the researcher was able to validate and cross-check findings on specific research issue (Patton, 1990:244). For instance, in the case of British Telecom, documentary sources claimed that trainees were selected systematically by an independent unit to ensure suitability and appropriate number of candidates to attend each course. However, a personal observation on one particular course found that this was not the case. The number of participants attending the course was less than expected. In



order to find out why this inconsistency happened, interviews were conducted with few trainees and the trainer on that course. Findings from these interviews concluded that the selection process actually did not follow the stated procedure. This clearly indicates that without management and training personnel involvement, the process of selecting trainees could become less effective. Similarly, in the case of Malayan Railway, documented evidence revealed that training needs analysis was done by a committee at the Headoffice. However, interviews conducted with two trainers and a training coordinator provided reverse responses. Analysis of findings suggested that training needs analysis in the organisation tended to be less comprehensive and less formal, undertaken by the head of departments. It can therefore be said that investigation through triangulation strengthens and confirm results of findings as well as providing explanation for it.

Furthermore, interviewing respondents from the same category and using similar questions assist in strengthening the validity of findings. This technique of comparing data through cross-checking helps the researcher to avoid bias and misrepresentation of information. For example, in the case of Telekom Malaysia, when asked on the issue of senior management involvement in total quality training practice, the responses received from different respondents varies indicating some degree of involvement to none. However, from careful analysis of findings, a majority of them agreed that management involvement and support was less significant. To this extent, having a majority of

convergent views on specific related issue is another way of validating findings used by the researcher.

Throughout this research, documentary data and feedback were systematically checked to find out "if the results are plausible" (Merriam, 1988:169) and to rule out "the possibility of misinterpretation of the meaning of what they say and the perspective they have on what is going on" (Maxwell, 1996:94). A similar strategy suggested by LeVine (1981) termed 'diversification of biases' where "misperceptions not widely shared cancel each other out, leaving a net of information yield of generalizations supported by agreement among informants" (LeVine, 1981:184-5) was also used for this study. For example, responses gained from trainees in British Telecom revealed that one of them clearly replied in a negative manner as compared to the remaining two respondents. Further probing through informal discussions with other respondents and a trainer revealed that the programme was targeted for new employees instead of senior staff. In other words, there was an on-going process of strengthening the validity of findings through triangulation and cross-checking during field research until the researcher was confident that information gained was valid.

However, practical difficulties of time and availability of respondents and information are constant issues for the ethnographic management researcher and this was the case in this work. Respondents in this research were initially identified by senior management and were considered as "*referrals*" by the respective NPCs due to their expertise, experience and long years of involvement in the field of training. As the fieldwork progressed and the case unfolded, the researcher felt the need to add more respondents as more



information was needed and some of the initial respondents were found to be uncooperative. In this case, the respondents whom the researcher thought could provide the necessary information, were selected by the researcher. The composition and total number of respondents from the respective NPCs are as follows:-

<b>NPCs</b>	<b>Senior Manager</b>	<b>Middle/Line Manager</b>	<b>Trainees</b>	<b>Trainer</b>	<b>Total</b>
<b>Telekom Malaysia</b>	One Senior Manager, and One Assistant General Manager (management training)	Two Managers from various departments	Four Managers From Various Departments	Two Trainers/ Asst. Managers And One TQM Manager/ Trainer based in Training Centre	11
<b>British Telecom</b>	One Senior Personnel Manager, and One International Development Manager	One Management Development Manager, One Group Quality Manager, and One Quality Manager	Three Managers From Various Departments	Three Trainers/ Designers specialised in Special Projects, and Group Quality Division based in Training Centre	11
<b>Malayan Rail</b>	One Human Resource Director, and One Senior Training Manager	One Training Co-ordinator, and One Passenger Service Manager	Two Train Station Managers from a Main station and a Regional station	Three Trainers/ Designers based in Training Centre	9
<b>Regional Railways Central</b>	One Senior Personnel Development Manager	Three Middle Managers specialised in TQM, Training and Personnel Development respectively	Two Station Managers from two different regions in Britain	Three Trainers/ Designers based in Training Centre	9

**Table A : Total Number of Respondents and Their Compositions**

The above Table A shows the number of respondents who represented important segments in the respective NPCs to assist the researcher in achieving the research's objectives.

The initial design of this research was to gain information from as many respondents as possible. However, the number of respondents has to be limited due to some constraints. One major problem was time where the researcher was able to spend only about a month in each NPC. In the case of the Malaysian NPCs, the researcher had to travel twice from the UK in order to collect and analyse data within specific time. Another limitation was the researcher's inability to gain access to a large number of respondents who were managers. As Easterby Smith *et al.*, (1991) caution, a research involving managers may not be an easy task since many managers may choose to conceal information and that senior managers are more concerned with daily business. For example, there were occasions that the researcher had to reschedule several appointments with some managers in the NPCs due to their busy schedules. There were also times where the researcher make several unsuccessful trips as some appointments had to be cancelled at last minute by managers due to unexpected duty call. Another constraint was financial resource where the researcher had to control his limited budget involving travelling, food and accommodation. Besides that, the number of respondents was also limited in view of the research design. For example, in terms of the timing of interviews (about forty-five minutes to one hour), respondents' job positions (difficult to gain participation and co-operation particularly from senior management), and the need to re-interview some of the respondents so as to validate findings.

To make the interviews valid and comparable, similar set of questions were used for interviewing these respondents that represented different categories, and by nature of



their tasks were directly involved with the subject matter studied. This method of respondents' representation indeed is in congruent with Glaser and Strauss (1967) viewpoint who suggest that sampling in qualitative study is often guided by the search for contrasts which are needed to clarify the analysis and achieve maximum identification of emergent categories. Commenting on the preference for a selected small representation of population rather than the opposite for ethnographic study, Neuman (1991) argues that;

"a large sample alone does not guarantee a representative sample. A large sample without random sampling or with a poor sampling frame is less representative than a smaller one with random sampling and an excellent sampling frame...smaller samples are sufficient...when only a few variables are examined at a time (1991:220-21).

This, therefore, suggests that confining to a small sample for this research study can be considered sufficient provided that it represents quite broadly and focuses on particular social aspect of an organisation for defining and locating facts needed. For example, the respondents selected for this study varied in positions and departments from top management (e.g., senior managers, senior TQM managers, Director of Training), to lower level management including trainers and trainees (managers from various departments (as shown in Table A). This composition of respondents represent those involved in training, and were identified by the NPCs and the researcher as key informants who could provide critical explanations in light of the research objectives. The choice of limiting the number of respondents for this study is parallel to Glaser and Strauss (1967) viewpoint in that the actual number of respondents studied is relatively unimportant. What is of more important according to them is that each potential

respondent could aid the researcher in developing theoretical insights into the area of social life being studied, and this is true for the case of this work.

In addition, using multiple case studies as in this research, four NPCs were studied, enabled the researcher to identify emerging crucial factors, to draw conclusions and to make generalisation as suggested by Yin (1993). This process was indeed congruent with Hartley (1994:226) who argues that "where the researcher has been able to undertake more than one case study, this clearly increases confidence in the findings". Hence, similar responses gathered provide support for the research findings, and can be viewed as converging towards validity. To reduce bias in interpreting and analysing findings, the researcher carried out on-going discussions with respondents' supervisor, colleagues as well as key informants from the NPCs. This process of validating results is underlined by Miller (1996) in that;

"Soliciting feedback from others is an extremely useful strategy for identifying validity threats, your own biases and assumptions, flaws in your logic or methods" (1996:94).

Through maintaining good terms with respondents/informants, the researcher was able to go back and correct any misinterpretation or misrepresentation of information and refine them in their (respondents') views (Rowan and Rowan, 1981; Miller and Humphreys, 1980). By discussing findings with key informants from all the NPCs, through mail/facsimile, and personal or telephone interviews, the researcher verified his findings where this enhanced confidence of validity (Silverman, 1993:156). In fact, all case studies



chapters were checked and validated by key informants from the respective NPCs prior to compilation of the thesis final version.

Based on the stated arguments, the researcher believes that findings in this study are valid and can be generalized to other related cases. At this juncture, the researcher concurs with the argument forwarded by Maxwell (1996:97) in that generalisability in qualitative studies usually is based not (only) on explicit sampling of some defined population, but (also) on the development of a theory that can be extended to other cases. Moreover, this research contains the features of what Hammersley (1992:189-1) accepts as findings leading to generalisation such as "respondents' own assessments of generalizability, the similarity and dynamics and constraints to other situations, and the presumed depth or universality of the phenomenon studied".

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## APPENDIX 1

### **FRAMEWORK OF RESEARCH QUESTIONS USED IN THE FIELDWORK IN ESTABLISHING THE STATE OF MANAGEMENT TRAINING PRACTICE IN NPCs**

In this research, an investigation of the extent to which the elements of an ideal training practice for management training in total quality should encompass in an organisation necessitated the development of a framework which consisted the following core questions. These questions were categorised into three different sections where each is directed to different level of managers including training professionals. The first set (A) questions were directed to the senior management in an organisation, whilst the second set (B) were aimed at middle/line management and training professionals. The final set (C) questions were targeted at the participants (managers) on total quality training session in an organisation that was interviewed a few weeks after the course.

- A. How do the given corporations determine the factors internally and externally that perceived to be imperative and have direct influence on them in terms of management training provision.**
- a. In there top management involvement and support to the training function?
  - b. How and in what are their involvement especially in implementing TQM training for managers?
  - c. What are the attitudes of the middle and line management to training function?
  - e. Are these people committed and involved in the training activities (that is, from training needs analysis to evaluation)?
  - f. Are there any involvement from other individuals like official committee besides trainers in the development of training programme in total quality?
  - g. How is the funding of the training programme in total quality determined?
  - h. Does the training in total quality takes place in a suitable and conducive environment (including facilities, resources and infrastructure)?
  - i. How is the training department in the corporation structured and how does this affect decision-making process?
  - j. Are there any study done to compare the training practices in your corporation with other organisation?
  - k. Are there any formalised methods of evaluating the training programme in total quality?
  - l. What are the outcomes of the result of the evaluation?
  - m. Are there any standard methods to determine the effectiveness of the training practices in total quality?
  - n. What are the impact of effectiveness on the training practices in total quality?
  - o. To what extent does the training programme in total quality achieves its objectives?
  - p. How do you know this programme achieves its objectives?

- q. Are the training objectives in total quality linked to the organisational objectives?
  - r. How well are the total quality programme content and goals relate to organisational goals?
  - s. Do the programme in total quality improves overall performance standard and contributes to the success of the corporation?
  - t. How do you prove that the training programme in total quality can really enhance managerial performance?
- B. The extent to which the suitability and adequacy of the current management training practices in total quality is carried out in the perspective of the given corporations as outlined in the literature.**
- a. Are the top management involved in the training function?
  - b. If so, in what way are they involved and supportive?
  - c. What are the attitudes of the middle and line management to the training function?
  - d. Are these people involved in the training activities (that is, from training needs analysis to evaluation)?
  - e. Do the corporation perform training needs analysis in developing management programme in total quality?
  - f. How is the training needs analysis linked to the training programme in total quality?
  - g. Is there a committee to look into the training needs analysis? If so, who are the members?
  - h. Are there any specific training model used as guidelines in designing this programme?
  - i. How are the training programmes in total quality designed and implemented in the corporation?
  - j. Do the programme content change or modify to suit situational conditions?
  - k. Is there any assistance from outside training expert/consultant in the design of training programme in total quality?
  - l. Do you trial run or piloted the programme before actually implementing it?
  - l. How are the training activities carried out (in terms of place, timing, number of participants)?
  - n. How are the trainees to the programme selected?
  - o. Are the trainees pre-briefed before actually attend the course?
  - p. Who is responsible to notify the selected candidates? When is the notification made?
  - q. Do the trainers possess the necessary qualifications and expertise in the subject matter?
  - r. What are the instructional methods and materials utilised to train the trainees?
  - s. Are the methods/techniques used to conduct the programme effective or whether they should be modified?
  - t. What methods are used to ensure uniformity in content and quality of delivery?



- u. Do the corporation provides opportunities for retraining the trainers to improve their skills, knowledge and abilities?
  - v. Are there any formalised methods of evaluating the training programmes in total quality?
  - w. What are the outcomes of the result of the evaluation?
  - x. Are there any standard methods to determine the effectiveness of the training practices in total quality?
  - y. To what extent does the training programmes in total quality achieves its objectives?
  - z. How do you know this programme achieve its objectives?
  - aa. Are the total quality training programme objectives linked to the organisational objectives?
  - bb. How well are the total quality programme content and goals relate to the organisational goals?
  - cc. Do you carry out post-training evaluation to ensure that what is taught is applicable to work place?
  - dd. Is there any specific model use to evaluate the effectiveness of the training programme in terms of achieving organisational goals?
  - ee. How do you prove that the total quality programme really enhance managerial performance?
- C. The extent to which the managers' perceptions on the development of the training programme in imparting the skills, knowledge and attitudes to improve their job performance taking into consideration the ability of the corporation to anticipate the present and future changes in the environment.**
- a. Do the training programme increase your level of self-awareness, motivation and competence to perform your job well?
  - b. Do the programme provide enough opportunities for you to learn and influence the way in which you work?
  - c. Has the programme been useful for your work in practice?
  - d. To what extent do you apply what you have learnt during training to job setting?
  - e. How were you able to manage in a quality way after attending the course?
  - f. Do the programme prepares you to react accordingly to external change?
  - g. Do the corporation take into consideration of developing managers with the necessary competencies to enhance performance and prepare for future challenges?
  - i. Are there any formalised method to evaluate the course attended (during and after)?
  - j. To what extent does the training programme achieves its objectives?
  - k. Are the total quality programme objectives linked to the organisational objectives?
  - l. How well are the programme content and goals relate to the organisational goals?

m. Do you think the programme really enhance your managerial performance?

This framework of questions was further expanded to accommodate suggestions during the fieldwork about what the respondents thought to be the features of an ideal training practice that can enhance positive results in perceiving training as a tool to support TQM implementation. When carrying out the interviews, although these questions remain the format of framework, the actual approach was very flexible depending on the interviewees and his/her sensitivity with the subject of research. The questions to individuals actually varied in accordance to his position, experience in the subject, and job. Indeed, the detailed questions were not necessarily the same for everyone. However, the main intention of the researcher was being able to construct the holistic picture about the state of training practices when implementing total quality training for managers in a particular organisation and the way in which this affected the provision of the training function.



## APPENDIX 2

### RESEARCH LOG (NPCs IN MALAYSIA)

#### Telekom Malaysia

*Place:* Telekom Training Centre, Kuala Lumpur

<u>Date</u>	<u>Name</u>	<u>Position</u>
10.8.1994	Ms Zainab Hj Arshad	Asst. General Manager (Public Relations)

This was a briefing session that discussed on the overall research project, time-frame of the case study, and determining the departments and key personnel that were likely to be involved as respondents.

*Place:* Telekom Training Centre, Kuala Lumpur

15.8.1994	Mr Raduwan Safperwan	TQM Manager
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This was a briefing session that discussed on TQM Unit and the overall objectives of the Unit. Topics of discussion also include the types of total quality training programmes implemented for managers and an explanation about trainers' qualifications.

*Place:* Telekom Training Centre, Kuala Lumpur

15.8.1994	Mr Sutesh Kumar	Asst. General Manager (Management Training)
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This was an interview session that discussed the company's approach on TQM and organisational changes following privatisation and TQM implementation.

*Place:* Telekom Training Centre, Kuala Lumpur

16.8.1994	Mr Shaharuddin	Trainer (Asst. Manager)
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This interview discussed development of training before and after TQM implementation and the practice of training in the company including impeding and facilitating factors for effective programme implementation.

*Place:* Telekom Training Centre, Kuala Lumpur

18.8.1994	Mr Suthesh Kumar	Asst. General Manager (Management Training)
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This interview session was a continuation from the meeting on 15.8.1994. The interview, based on semi-structured questions, covered aspects of training practice in the company (TNA, design, delivery and evaluation) and management involvement in the training function.

*Place:* Telekom Training Centre, Kuala Lumpur

18.8.1994	Mr Chua In Guan	Asst. Executive (Technical)
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This interview based on semi-structured questions discussed participant's viewpoint of the training programme including its application to work place.

*Place:* Telekom Training Centre, Kuala Lumpur  
18.8.1994 Mr Roslan Ismail Asst. Manager  
(Computer Based Training)

This was an interview session using semi-structured questions with the respondent that discussed the overall training effectiveness, the extent of the programme achieving its objectives.

*Place:* 20th Floor, Human Resource Dept., Telekom Headoffice, Kuala Lumpur  
19.8.1994 Mr Mohd Akib Asst. General Manager

This interview using semi-structured questions probed into middle manager's view on management involvement in the training function and management's response to the need to change following privatisation.

*Place:* Telekom Training Centre, Kuala Lumpur  
23.8.1994 Mr G.S Arumugam Asst. Manager  
(Marketing Trainer)

This interview based on semi-structured questions discussed participant's perception of the training programme particularly on its application to work place and TQM awareness.

*Place:* Telekom Training Centre, Kuala Lumpur  
23.8.1994 Ms Norain Harun Asst. Manager  
(Human Resource)

Based on semi-structured questions, this interview discussed participant's viewpoint on the training programme.

*Place:* 20th Floor, Human Resource Dept., Telekom Headoffice, Kuala Lumpur.  
24.8.1994 Mr Nyak Ishak Manager

This interview with the middle manager using semi-structured questions discussed the aspects of management involvement in the training function, selection of trainees, development of training programmes and factors seen as barriers to achieving effective practice.

*Place:* 22nd Floor, QMCD, Telekom Headoffice, Kuala Lumpur  
3.9.1994 Mr Hj Romli Hussin Senior General Manager  
(QMCD)

This interview with one senior manager based on semi-structured questions discussed the history of TQM implementation, the company's approach on TQM, changes following privatisation and the extent of management involvement and commitment for successful implementation of TQM.

*Place:* Telekom Training Centre, Kuala Lumpur  
22.10.1994 Mr Mohd Yusoff Mohd Ali Asst. Manager (Trainer)

This interview based on semi-structured questions discussed the training practice in the company such as TNA, programme's design and delivery, selection of trainees, evaluation and trainers' qualifications.





*Place:* Railway Training Centre, Kuala Lumpur  
19.9.1994 Mr Apputhurai Training Manager

This was an interview session using semi-structured questions that discussed on the aspects of training practice in the company and management involvement in the training function. Some facilitating and constraining factors of current training practice were also discussed.

*Place:* Seremban Railway Station, Negeri Sembilan  
27.9.1994 Mr Beh Cheng Huat Train Station Manager

This interview was based on semi-structured questions that looked into participant's viewpoint of the training programme and the extent of the programme achieving its objectives.

*Place:* KTMB Headoffice, Kuala Lumpur  
28.9.1994 Mr Mohd Fauzi Hj Said Human Resource Director

This interview was based on semi-structured questions that discussed the issues of changes affecting the company in the privatisation process, the new focus on total quality, how TQM was initiated, and the need for management support for successful TQM implementation.

*Place:* KTMB Headoffice, Kuala Lumpur  
29.9.1994 Mr Mohd Fauzi Hj Said Human Resource Director

This was an interview session using semi-structured questions that discussed on changes resulting from privatisation, the need to change into commercial way of management from bureaucratic culture, the need to review the company's training practice and future plans for staff development including new and modern training institute, new reporting format, new courses and incentives for higher education. The need for top management support to establish objectives, determine training needs and adequate resource allocation was also stressed.

*Place:* KTMB Headoffice, Kuala Lumpur  
29.9.1994 Ms Zainab Hashim Passenger Service Manager

This interview discussed on the current issues faced by the company leading to the need for improvement in its quality of service which include modernising rail infrastructure and conducting total quality training programme for all employees.

*Place:* Railway Training Centre, Kuala Lumpur  
24.10.1994 Mr Eng Lam Looi Training Co-ordinator

Using semi-structured questions, this interview discussed the company's training practice (TNA, process of selecting trainees, design and delivery, and evaluation).

*Place:* Railway Training Centre, Kuala Lumpur  
24.10.1994 Mr Paul Raj Trainer

This was an interview session with the respondent chosen that discussed on the training practice (TNA, design, delivery and evaluation).



*Place:* Central Railway Station, Kuala Lumpur

29.10 1994

Mr Abu Hassan

Train Station Manager

Using semi-structured questions, this interview probed the participant's viewpoint of the training programme and the extent of the programme achieving its objectives.

### APPENDIX 3

#### RESEARCH LOG (NPCs IN BRITAIN)

##### British Telecom

*Place:* Warwick University, Coventry

<u>Date</u>	<u>Name</u>	<u>Position</u>
14.7.1994	Ms Janet Davis	Manager, Mgt. Dev. Options and International Capability

This was the first meeting held with BT personnel following a telephone conversation. This meeting discussed on the overall research project and the anticipate date of commencement for the research.

*Place:* BT Holborn Centre, London

11.11.1994	Dr John Taylor	Senior Personnel Manager
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This formal meeting discussed matters regarding the research methodology and the scheduled time-frame of the research.

*Place:* BT Centre, Newgate, London

17.11.1994	Ms Janet Davis	Manager
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This meeting briefly discussed matters regarding BT assessment of quality performance using EQA criteria, radical reshaping of the company through Project Sovereign and the emphasis on the need for change in employees' behaviour to be customer oriented.

*Place:* BT Training Centre, Milton Keynes

18.11.1994	Mr John Dorsett	Manager International Dev.
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This was a briefing session on BT's organisational structure and also obtaining names of those employees nominated to be the respondents for the research.

*Place:* BT Training Centre, Milton Keynes

21.11.1994	Mr Peter Kelly	Manager
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This was a briefing session concerning the company's strategy including mission, vision, how the company respond by changing work culture through the initiation of numerous total quality programmes.

*Place:* BT Training Centre, Milton Keynes

23.11.1994	Ms Sandra White	Manager Mgt Development
------------	-----------------	-------------------------

This interview discussed on the importance of managerial training in the company and the introduction of TQM in BT.



*Place:* BT Training Centre, Milton Keynes  
24.11.1994 Ms Sandra White

Manager Mgt Development

Using semi-structured questions, this interview discussed on the process of training activity and the selection of trainees.

*Place:* BT Training Centre, Milton Keynes  
25.11.1994 Mr Giles Treacher

Manager Special Project

This was a briefing session regarding the Customer Care Programme and the course contents.

*Place:* BT Training Centre, Milton Keynes  
28.11.1994 Ms Sandra White

Manager Mgt Development

This was an interview session using semi-structured questions that discussed the issues of the training practice.

*Place:* BT Training Centre, Milton Keynes  
28.11.1994 Mr Peter Kelly

Manager International Dev.

Using semi-structured questions, this interview discussed the process of TNA, designing, piloting, evaluation and trainers' qualifications.

*Place:* BT Holborn Centre, London  
30.11.1994 Dr John Taylor

Senior Personnel Manager

This interview discussed about the names of key resource person on the aspects of total quality in BT, the concept of TQM in the company and some of the programmes implemented.

*Place:* BT Training Centre, Milton Keynes  
5.12.1994 Mr Giles Treacher

Manager Special Project

Based on the Supportive Management programme, this interview session discussed the process of conducting the TNA, trainers' qualifications, and some elements perceived important for effective training practice.

*Place:* BT Quality Centre, Cheapside House, London  
8.12.1994 Ms Isabel Iny

Manager

This was a brief discussion session on matters regarding BT's Quality Division in the organisation structure and some of the total quality initiatives implemented.

*Place:* BT Training Centre, Milton Keynes  
9.12.1994 Mr John Taylor

Manager Group Quality

This was an interview session that discussed on BT's initiation of TQM, reasons for adopting TQM and some of the outcomes as a result of its implementation.

*Place:* 3rd Floor, BT Centre, Coventry  
6.1.1995 Ms Karen Lightley Customer Service Manager

This was an interview session conducted with the selected respondent to find out her perception of the training programme and the extent of the programme achieving its objectives.

### Regional Railways Central

*Place:* 15th Floor, Quayside Tower, Birmingham  
8.6.1994 Ms Kim Lee Personnel Resourcing Manager

Following the letter of approval, a formal briefing was held on this date to discuss the general overview of the research project, being briefed on the organisational structure, and the role of Training and Development Department.

*Place:* 15th Floor, Quayside Tower, Birmingham  
21.12.1994 Pete O'Mahoney Trainer

This was an interview session conducted with the respondent using the semi-structured questions which discussed on issues regarding training practice (TNA, design, delivery, evaluation and trainers' qualifications).

*Place:* 15th Floor, Quayside Tower, Birmingham  
22.12.1994 Ms Kim Lee Personnel and Development Manager

Using semi-structured questions, this interview was conducted with the respondent on issues concerning history of BRB, the need for training to prepare employees for new environment and the implementation of total quality programmes.

*Place:* 5th Floor, Stanier House, Birmingham  
23.12.1994 Mr Chris Hogan Public Affairs Manager

This was a discussion which briefly explained the history of the BRB, the privatisation initiative and the splitting up of BRB and the formation of RRC.

*Place:* 15th Floor, Quayside Tower, Birmingham  
9.1.1995 Ms Anica Goodwin Training Manager

This was an interview session that discussed the need for radical changes in RRC, the process of training practice and some features of effective practice.

*Place:* 5th Floor, Stanier House, Birmingham  
10.1.1995 Mr Richard Brooks Quality Manager

This was an interview session that discussed on how TQM was initiated in BR, and the various total quality programmes conducted.



*Place:* 15th Floor, Quayside Tower, Birmingham  
11.1.1995

Ms Sarah Winter-Wright

Trainer

This was an interview session using semi-structured questions that probed on the process of training practice (TNA, design, delivery, and evaluation).

## APPENDIX 4

### Names of Respondents/Tapes Numbering

#### Telekom Malaysia

<u>Name of Respondents</u>	<u>Position</u>	<u>Tape Number</u>
Mr Sutesh Kumar	Senior Manager 1	Tape No. 1
Mr Hj Romli Husin	Senior Manager 2	Tape No. 2
Mr Nyak Ishak	Middle Manager 1	Tape No. 3
Mr Mohd Akib	Middle Manager 2	Tape No. 4
Mr Mohd Yusof	Trainer 1	Tape No. 5
Mr Shaharudin	Trainer 2	Tape No. 6
Mr Raduwan Safperwan	Trainer 3	Tape No. 7
Mr Arumugam	Trainee 1	Tape No. 8
Ms Norain Harun	Trainee 2	Tape No. 9
Mr Chua In Guan	Trainee 3	Tape No. 10
Mr Roslan Ismail	Trainee 4	Tape No. 11

#### Malayan Railway

Mr Fauzi Hj Said	Senior Manager 1	Tape No. 12
Mr Apputhurai	Senior Manager 2	Tape No. 13
Mr Eng Lam Looi	Middle Manager 1	Tape No. 14
Ms Zainab Hashim	Middle Manager 2	Tape No. 15
Mr Eng Lam Looi	Trainer 1	Tape No. 16
Mr Mohd Duriat	Trainer 2	Tape No. 17
Mr Muhd Rashidi	Trainer 3	Tape No. 18
Mr Beh Cheng Huat	Trainee 1	Tape No. 19
Mr Abu Hassan	Trainee 2	Tape No. 20



British Telecom

Dr John Taylor	Senior Manager 1	Tape No. 21
Ms Janet Davis	Senior Manager 2	Tape No. 22
Mr Vivian Dunn Mr John Taylor/ Ms Isabel Iny	Middle Manager 1 Middle Manager 3	- Tape No. 23
Mr Giles Treacher	Middle Manager 2/ Trainer 3	Tape No. 24
Ms Sandra White	Trainer 1	Tape No. 25
Mr Peter Kelly	Trainer 2	Tape No. 26
Ms Ann McKee	Trainee 1	Tape No. 27
Ms Karen Lightley	Trainee 2	Tape No. 28
Mr Steve Richard	Trainee 3	Tape No. 29

Regional Railways Central

Ms Kim Lee	Senior Manager 1	Tape No. 30
Ms Anica Goodwin	Middle Manager 1	Tape No. 31
Mr Chris Hogan	Middle Manager 2	Tape No. 32
Mr Richard Brooks	Middle Manager 3	Tape No. 33
Ms Anica Goodwin	Trainer 1	Tape No. 34
Mr Pete O'Mohaney	Trainer 2	Tape No. 35
Ms Sarah Winter-Wright	Trainer 3	Tape No. 36
Mr David Kennedy	Trainee 1	-
Mr David Burley	Trainee 2	

## APPENDIX 5

### BRITISH TELECOM

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- 1) **Dr. John Taylor**  
Position : Senior Personnel Manager  
No. of meetings : Twice

This male respondent has served the company for about 12 years. His main concern was to develop the human resource to keep BT in competitive edge. He stressed the need to focus on quality especially in Leadership and Quality Management as a way to change people mindset and more important was the managerial behavior. For him, everybody must be given responsibility and freedom for their own development and training in order to make them motivated and empowered. He viewed BT on different from other companies, therefore needed a different quality approach. In addition, He was confident that accreditation in BS5750 and ISO 9000 were important to BT as a way of gaining wider market.

- 2) **Ms Janet Davies**  
Position : Manager of Development and International Capability  
No. of meetings : Twice

This female respondent has been working with the company for about 15 years. Holding one of the top posts in the Development and Training she was well versed in this subject. During her long service with the company, she experienced changes especially in the early 1990s and the company's process of adjustment was what she regarded as the period of trial and error for progression. She strongly supported the need for top management involvement in Development and Training, besides believed that good communications, looking for value for money in every aspect and everyone to get an equal opportunity for Development and Training.

- 3) **Mr. John Taylor**  
Position : Group Quality Manager  
No. of interview : Once

This male respondent has worked with the company for about 7 years. He believed that the success of TQM depended on the attitude and mind of the people as the nature of total quality has to come from within the person. He disagreed with the notion that training was a waste, as he believed that the basic knowledge of quality gained could be practised and actually would begin the quality improvement. He also believed that the company's effort in development and training has been fruitful as it has transformed the employees from civil service mentality into being professional customer service orientation.

- 4) **Mr. Peter Kelly**  
Position : Manager/Trainer  
No. of meetings : Twice

This male respondent has worked with the company for 14 years. He believed that behaviour exhibited by the company was important to posture good image of the company. For this, he supported TQM as a way of changing attitude and behaviour towards customer. He admitted that a large company like BT needed more time to change behaviour for better performance.



- 5) **Mr. Gilles Treacher**  
Position : Special Project Manager/Trainer  
No. of meeting : Once

This male respondent has worked with the company for more than 20 years. During his long services he has seen a lot of changes and problems arising from BT's privatisation. He was concern on looking for ways to make training more effective such as the need to link all programmes especially human and process together to avoid unnecessary wastage and to get things going faster. He insisted that training should not be expected to be perfect and benefits from training were subjective and could never be measured.

- 6) **Ms. Vikki Stacey**  
Position : Manager for Middle Manager Programme/Trainer  
No. of meeting : Once

This respondent has been with the company for approximately 10 years. As a trainer designer, she was very concerned on finding ways to make training better for better outcome. She believed that training should be designed to fit business needs. For BT, she was concerned that training could assist in delivering information and knowledge to change behaviour.

- 7) **Ms. Isabel Iny**  
Position : Manager / Quality Facilitator  
No. of meeting : Once

This respondent used to be the Quality Manager for the personnel before being recruited as TQM facilitator. Having a background in psychology, she has vast experienced as personnel manager and Quality Trainer. Throughout the company 's restructuring years, she has experienced various quality approached adopted by BT. In addition, she has also worked with various departments which she believed each having different culture. Her role was to try to understand the way people think and helped them to identify what best for them. In her opinion, BT cultural change was based on the value change. She also believed that co-ordination was important to avoid wastage and conflict of quality implementation among departments.

- 8) **Ms. Sandra White**  
Position : Manager in Management Development  
No. of meetings : Three

This respondent has about 10 years of working experienced with the company. She was particularly responsible for designing programme of management development. She perceived that successful programme could results in changes personal behaviour leading to changes in leadership style and eventually improving quality. She insisted that BT training was designed specifically to meet the business needs and continuously need to be revised and updated.

- 9) **Ms. Ann Mc Kee**  
Position : Sales Manager  
No. of meeting : Once

This respondent has been working with BT for 15 years. She viewed the course she attended as interesting and served as a refresher. She was sceptical about the programme's objectives as some

of the contents contained American values. Due to her long service, she seems to have known everything that was taught in the programme, thus viewed training as a get away from work pressure and to give stimulator from being stagnant.

- 10) **Ms Karen Lightley**  
Position : Customer Service Manager  
No. of meeting : Once

This respondent has been with the company for the past 20 years. She viewed the course as not being beneficial due to her long experience. However, she saw the course as a good place for discussion and changing ideas with different people from different departments. In her view, she believed that the course should be more practical and tailored to specific areas such as sales.

- 11) **Mr Steve Richard**  
Position :Marketing Manager  
No. of meeting :Once

This respondent has served the company for almost 7 years. He viewed the course as being useful in imparting knowledge in order to improve quality service to the customers.

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## **TELEKOM MALAYSIA**

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1. **Mr. Sutesh Kumar**  
Position : Assistant General Manager (Management Training)  
No. of Meetings : Twice

This chosen male respondent held a senior management position in the company. He was in charge of the Management Training Section of the Telekom Training Centre. He has been with the company for the past 25 years. He managed the overall training programme for managers in the company and was responsible for its implementation companywide. As a senior manager, he actively involved in TQM training implementation for managers and has been supportive.

2. **Mr Hj. Ramli Hussin**  
Position : Senior General Manager  
Quality Management and Control Division (QMCD)  
No of Meetings : Twice

This male respondent is the Head of QMCD who reports directly to the Chief Executive of the company. He has served the company for more than 10 years. His major responsibility includes initiating the TCS programme companywide. Prior to this, he attended Total Quality Course at Motorola University, USA. His early work was setting up the Quality Steering Committee and making TCS concept worked companywide. Because of this, ensuring successful TQM implementation in the company remain to be his major concern.

3. **Mr. Raduwan Saperwan**  
Position : TQM Manager / Trainer  
No. of Meetings : Twice

This chosen respondent was the Head of the Quality Unit at the Telekom Training Centre. He has been with the company for the past 15 years. His major responsibility includes developing Total Quality programmes and restructuring the company's Quality Unit at the training centre. Having wide knowledge and experience on TQM, he received certification and licencship from Motorola University to run some of this university's total quality programmes. He has also carried out extensive research to tailor quality programmes to the need of the company.

4. **Mr. Mohd Yusof Mohd Ali**  
Position : Asst. Manager / TQM Trainer  
No. of Meeting : Once

This was a male respondent having 5 years of working experience in the company. He was attached to the Quality Unit of the Telekom Training Centre. His main responsibility was designing and conducting Total Quality programmes for the company. He was certified as a qualified trainer and licensed by Motorola University Consultant to run some of their total quality programmes.

5. **Mr. Saharuddin**  
Position : Asst. Manager / TQM Trainer  
No. of Meeting : Once

The chosen male respondent was attached to Quality Unit of the Telekom Training Centre. He has been with the company for the past 5 years. Prior to being a trainer, he had undergone Train-the-Trainer course by Motorola University. His responsibility includes designing and running Total Quality programmes.

6. **Mr. Nyak Ishak**  
Position : Lead Consultant/ Middle Manager  
No. of Meeting : Once

This male respondent has been with the company for the past 10 years. Based at the QMCD at the HeadOffice, he was responsible for implementing total quality network processes improvement companywide reporting directly to the Senior General Manager of QMCD. He was also responsible for measuring quality processes improvement companywide.

7. **Mr Mohd Akib**  
Position : Asst. General Manager (Human Resource)  
No of Meeting : Once

This male respondent has about 11 years of working experience with the company. As a middle manager, he was responsible for Human Resources Development throughout the company. He believed that successful TQM implementation depend on the extent of companywide employee involvement and commitment. In this respect, he held the view that providing quality awareness and knowledge to employees remain essential in order for widespread quality message.

8. **Ms. Norain Harun**  
Position : Asst. Human Resource Manager  
No. of Meeting : Once

This female respondent was picked randomly by the researcher after an observation session on one of the TCS programme conducted at the Telekom Training Centre. She had been with the company for the past 7 years. Her main responsibility include managing human resources matter at the TTC. Although the total quality knowledge was new to her, she strongly believed that in order for total quality training to be effective those need to be strong support from senior management.

9. **Mr. Arumugam**  
Position : Asst. Marketing Manager / Trainer  
No. of meeting : Once

This male respondent was selected randomly by the researcher after an observationsession was made on one TCS programme. He had been involved as a trainer for marketing department for the past 5 years. One of his major responsibility was to train the company sales force staff.

10. **Mr. Roslan Ismail**  
Position : Asst. Manager ( IT Multimedia Trainer )  
No. of meeting : Once

This respondent was picked randomly by the researcher after an observation was made on one TCS programme in session. He had about 7 years of working experiences as an IT Trainer in multimedia. He believed that Total Quality training would be useful provided that management cultivate positive environment at workplace.

11. **Mr. Chua In Guan**  
Position : Asst. Executive ( Technical )  
No. of Meeting : Once

This was a male respondent chosen randomly by the researcher after an observation was made on one TCS programme in session. He had about 10 years of working experiences as a technical engineer. He strongly believed that fostering relationship between employee-employer is important if total quality implementation is to be effective.



## **REGIONAL RAILWAYS CENTRAL**

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**1) Ms. Kim Lee (Senior Manager)**

Position : Personnel Researching and Development  
Manager  
No. of meetings : Twice

This female respondent has been working with the company for 15 years. Her particular role was to get the people ready for privation especially the managers. She stressed the need for managers to be trained due to change in the organisation's status. She believed that training people in crucial areas such as planning, negotiating and team building could assist the company to improve performance.

**2) Ms. Anica Goodwin**

Position : Training Manager and Trainer  
No. of meetings : Twice

This female respondent has been with the company for more than 10 years. As a manager and trainer, she expressed her concern on changes happening in the company such as losing staff and had to work on the basis they were not use before. For this, she believed that it was important to adopt new managerial style especially for the company to deal with change to manage staff. She believed that training had fulfilled the needs as stated in the company's training objectives although she admitted that was difficult to measure training outcome.

**3) Mr. Chris Hogan**

Position : Public Affair /Incorporation Investing Manager  
No. of meeting : Once

This male respondent had been with the company for 20 years. As an Incorporation Investing Manager, he saw the railway future as the product of railway history in which changes happening were necessary for the better of the industry. He also viewed that railway business had been influenced politically and geographically. He supported the process of reorganizing the company on a business basis, which he called as organizing for quality.

**4) Mr. Pete O'Mahoney**

Position : Trainer  
No. of meetings : Once

This male respondent has been with the company for 8 years. He has held various jobs in the company as managers, supervisors and part-time trainer before becoming full-time trainer. For him, this had provided a lot of knowledge and experience in order to train others. He viewed managers as drivers that have to possess more complex interactive skills to manage, guide and motivate others. He admitted that although the company was small enough to go for quality award, they always try to achieve quality performance. He also viewed that cultural change was crucial for the company.

- 5) **Ms. Sarah Winter-Wright**  
Position : Trainer  
No. of meeting : Once

This female respondent has served the company for about 4 years. As a trainer, she was very concerned particularly looking at ways to improve training effectiveness. In this regard, she expressed her concern of some barriers faced due to current situations and how they tried to make the most of it. She believed that support from managers was crucial to enhance training effectiveness.

- 6) **Mr. Richard Brooks**  
Position : Quality Manager  
No. of meeting : Once

This male respondent has worked with the company for 15 years. As a Quality Manager he believed that quality initiative must be thought and planned carefully to avoid from being overlooked and lost. He also believed that management should be involved in order for quality implementation to be effective.

- 7) **Mr. David Kennedy**  
Position : Recourses and Analyst Manager  
No. of Meeting : none (Mail Correspondence)

This male respondent has been with the company for 5 years. He believed that the company's move in quality was timely and crucial for rail survival. He was concerned to be more careful in utilizing recourses to avoid wastage. To him, TQM was the way to assist the company to transform towards becoming a more commercialized company.

- 8) **Mr. David Burley**  
Position : Driver Manager  
No. of meeting : none (Mail correspondence)

This male respondent has served the company for 10 years. He believed that RRC survival after privatization largely depended on commitment of its employees. Because of this, he believed that it should begin with the top people. Their support was important to motivate employees in the quality quest.

## **MALAYAN RAILWAY**

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1. **Mr. Mohd Fauzi Hj Said**  
Position : Director Of Human Resource  
No. of Meeting : Once

This male respondent has been working for the past 5 years with the company. As the Head of the Human Resource Division, he was responsible for the development of the entire workforce in the company. His main concern was the difficulties arised in the process of changing management attitude and shifting the company's culture into being customer service oriented. To do this, he believed that everybody must share the responsibility, especially the top management level.



2. **Mr. S. Apputhurai**  
Position : Trainer / Training Manager  
No. of Meetings : Twice

This male respondent has been with the company for about 20 years. As training manager, he reported directly to the Director Of Human Resource. His primary concern was finding ways to improve training and overcome the present barriers such as lack of manpower to carry out post-training evaluation and inadequate infrastructure.

3. **Mr. Eng Lam Looi**  
Position : Trainer / Training Manager  
No. of Meetings : Twice

This male respondent has been serving the company for more than 15 years. Sharing similar view with most of his colleagues, he believed that KTMB needed to do alot more to change from the government mentality to a corporate culture. He was positive that changes in attitudes have taken place incrementally which was evident through some improvement shown in its services. He was responsible for staff training and making improvement in training practice. He also voiced his concern about some negative and wrong perceptions the employees have on training and the lack of skilled manpower to inculcate quality values in the company.

4. **Miss Zainab Hashim**  
Position : Passenger Service Manager  
No. Of Meeting : Once

This female respondent has served the company as Passenger Service Manager for about 8 years. She was concerned about finding ways to attract customers and handling critical issues, such as punctuality, competition and speed. To her, cultural change was urgently needed in the company in order to attract customer. She expressed concerned about stiff competition and the need to implement quality initiatives to gain a larger share of market and be competitive.

5. **Mr. Mohd Duriat**  
Position : Executive Trainer  
No. Of Meeting : Once

This male respondent has worked as a trainer for more than 20 years. He believed that his long service with the company has given him vast experience and knowledge necessary to become a good trainer. He also believed that trainers need to be continuously given adequate training to keep abreast with the latest technology although this opportunity was quite limited in the company. His main concern was the need for more skillful trainers and adequate facilities to train the workforce. When everybody has access to training, he was convinced that wrong perception on training could be corrected as well as new work culture could be nurtured.

6. **Mr. Mohamed Haji Rashidi**  
Position : Trainer  
No. Of Meeting : Once

This male respondent has worked as a trainer for about 12 years, and being a supervisor for about 8 years. This gave him wide knowledge and experience about the company's business. One of his major concern was the current selection process, which in his opinion was not effectively done. According to him, the effectiveness of any training would not only depended on systematic procedure, but most important was the attitudes of the trainees themselves.

7. **Mr. Beh Cheng Huat**  
Position : Train Station Manager (Trainee)  
No. Of Meeting : Once

This male respondent has been working as a station manager with the company for 25 years. He fully supported the move to train employees to provide excellent service, which he believed should be initiated "long time ago". According to him, many of his staff were "unhappy" with the current working condition. Therefore, he believed that training could induce positive attitude and motivation towards work. He believed that Service Excellence Customer programme has helped him to understand customers better and able to handle difficult situations professionally.

8. **Mr. Abu Hassan**  
Position : Train Station Manager (Trainee)  
No. Of Meeting : Once

As one of the participant in the Customer Service Excellence programme, this male respondent felt that the course had given him knowledge to do his job better. Having worked as a Station Manager for approximately 18 years, he viewed training as a must in the current competitive environment. He also stressed that everybody in the company must be trained and this should be on going process. Without having constant support from the top, he believed that quality initiatives would be difficult to implement.



APPENDIX 6

**LETTERS OF APPROVAL  
FROM COMPANIES**



Recruitment 071 728 5065  
Sponsorship 071 728 5026  
Facsimile 071 728 5039

Khairul Mod-Noor  
University of Warwick  
Westwood  
Coventry  
CV4 7AL

26 May 1994

Dear Khairul Mod-Noor,

Thank you for your letter of 4 May concerning your comparative study of management training in Malaysia and the UK.

We would be pleased to assist you with this study. My colleague who would expect to liaise with you on this is

Ms Jan Davis  
Manager, Management Development Options and International Capability  
B4078, BT Centre  
81 Newgate Street  
LONDON EC1A 7AJ

Tel: 071 356 6381  
Fax: 071 356 4054

Please feel free to contact Jan direct.

Yours sincerely

**HUGH SMITH**  
Manager, Management Entry Programmes

JOHN TAYLOR (01322) 220-818



Ruj Kami: /LT 1625

15 Jun 1994

EN KHAIRUL BAHAREIN MOHD NOOR  
46, Holmsdale,  
Conventry,  
CV6 5BJ  
United Kingdom.

**KELULUSAN UNTUK MENJALANKAN KAJISELIDIK DI TELEKOM MALAYSIA.**

Merujuk kepada perkara diatas, sukacita dimaklumkan pihak kami bersetuju menerima tuan untuk menjalankan kajiselidik di Telekom Malaysia.


Dengan syarat:

1. Maklumat-maklumat tidak menyentuk dasar atau polisi Syarikat.
2. Semua hasil kajian penyelidikan hanya untuk rujukan dan tidak bolih di cetak untuk bacaan awam.
3. Hasil kajian mestilah dimajukan satu salinan ke Pusat Latihan Telekom untuk rujukan.

Sila tuan melapurkan diri kepada:

PN ZAINAB BT HJ ARSHAD  
Pen. Pengurus Besar  
Pusat Latihan Telekom  
Jalan Gurney Kiri  
54100 K.Lumpur

Sekian dan terima kasih.

  
ZAINAB HJ ARSHAD  
Pen. Pengurus Besar (PO)  
bp Ketua Bahagian Latihan  
Pusat Latihan Telekom  
KUALA LUMPUR.

15/6

Ruj Kami: /LT 1625

15 Jun 1994

EN KHAIRUL BAHAREIN MOHD NOOR  
46, Holmsdale,  
Conventry,  
CV6 5BJ  
United Kingdom.

**KELULUSAN UNTUK MENJALANKAN KAJISELIDIK DI TELEKOM MALAYSIA.**

Merujuk kepada perkara diatas, sukacita dimaklumkan pihak kami bersetuju menerima tuan untuk menjalankan kajiselidik di Telekom Malaysia.

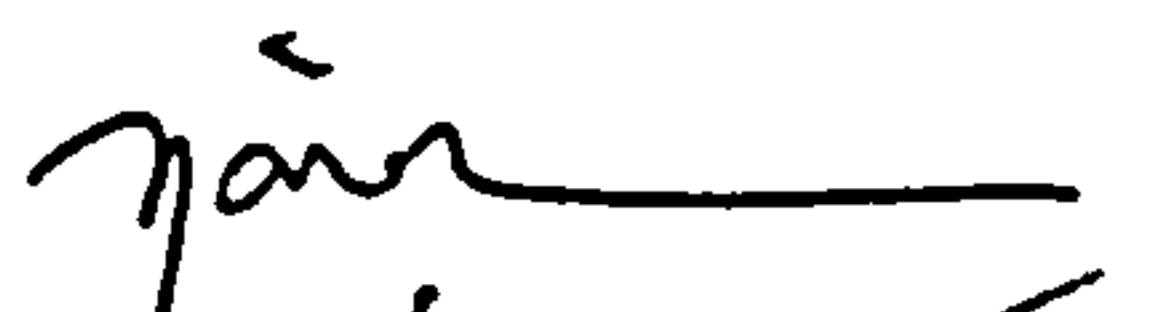
Dengan syarat:

1. Maklumat-maklumat tidak menyetuk dasar atau polisi Syarikat.
2. Semua hasil kajian penyelidikan hanya untuk rujukan dan tidak boleh di cetak untuk bacaan awam.
3. Hasil kajian mestilah dimajukan satu salinan ke Pusat Latihan Telekom untuk rujukan.

Sila tuan melapurkan diri kepada:

PN ZAINAB BT HJ ARSHAD  
Pen. Pengurus Besar  
Pusat Latihan Telekom  
Jalan Gurney Kiri  
54100 K.Lumpur

Sekian dan terima kasih.

  
ZAINAB HJ ARSHAD  
Pen. Pengurus Besar (PO)  
bp Ketua Bahagian Latihan  
Pusat Latihan Telekom  
KUALA LUMPUR. 15/6





Bil. (11) dlm. P.U.011.94/54

Tarikh: 7hb. September, 1994.

Encik Khairul Baharein Mohd Noor,  
No.34, Jalan S.G. 9/10,  
Taman Sri Gombak,  
68100 Batu Caves,  
Selangor.

Tuan,

Latihan Orang Luar di KTMB

Surat tuan bertarikh 16hb. Ogos, 1994 dirujuk.

Merujuk perkara diatas dimaklumkan iaitu Pentadbiran ini bersetuju menerima tuan untuk menjalani latihan praktik mulai 12.9.94 hingga 30.9.94.

Tuan akan ditempatkan di Pusat Latihan Keretapi dan Perkhidmatan Korporat.

Disepanjang tempoh tuan menjalani latihan tersebut, tuan tidak diberi sebarang elaun.

Sekian.

Yang benar,

  
(NORHAYAH BT. DERIS),  
b.p. Pengarah Urusan,  
KTM Berhad.

**KTM Berhad**

Corporate Hqs.: Jalan Sultan Hishamuddin, 50621 Kuala Lumpur, Malaysia. Tel: 03-2749422 Telex KTM MA 32925 Fax: 03-2303936. Double Track Project Office: Jalan Tun Sambanthan, 50470 Kuala Lumpur, Malaysia. Tel: 03-2749422 Fax: 03-2741460. Signals & Communications Dept.: Jalan Tun Sambanthan, 50470 Kuala Lumpur, Malaysia. Tel: 03-2749422 Fax: 03-2744955. Workshop: Jalan Strachan, Off Jalan Ipoh, 51100 Sentul, Kuala Lumpur, Malaysia. Tel: 03-4420033 Fax: 03-4425527. Purchasing Dept.: Strachan, Off Jalan Ipoh, 51100 Sentul, Kuala Lumpur, Malaysia. Tel: 03-4420033 Fax: 03-4413110.

**TEXT BOUND  
INTO  
THE SPINE**



# REGIONAL<sup>®</sup> RAILWAYS

Khairul Mod-Noor  
Department Of Education  
University Of Warwick  
Crestwood  
Leamington  
CV34 7AL

Kim Lee  
Personnel Resourcing &  
Development Manager  
Regional Railways Central TOU  
15th Floor  
Quayside Tower  
Broad Street  
Birmingham  
B1 2HF

Tel: 021 654 8658

Ref: JF/WE

25th May 1994

Dear Khairul Mod-Noor

## MANAGEMENT TRAINING PROGRAMME

Thank you for your letter of 4th May regarding your study for the above.

I would be pleased if you could attend a meeting with myself on Wednesday 8th June 1994 at 10.00 hours at the address above so we can discuss your study further.

Please contact me on receipt of this letter to let me know if you can attend.

Yours sincerely



Kim Lee  
Personnel Resourcing and Development Manager  
Regional Railways Central Train Operating Unit

Khairul Mod-Noor  
31 Honeyfield Road  
Coventry  
CV1 4HX

Anica Goodwin  
Training Manager  
Regional Railways Central  
QMP 151, Quayside Tower  
Broad Street, Birmingham  
B1 2HF

Telephone 021 654 8658  
Fax 021 654 8453

5 December 1994

Dear Khairul Mod-Noor

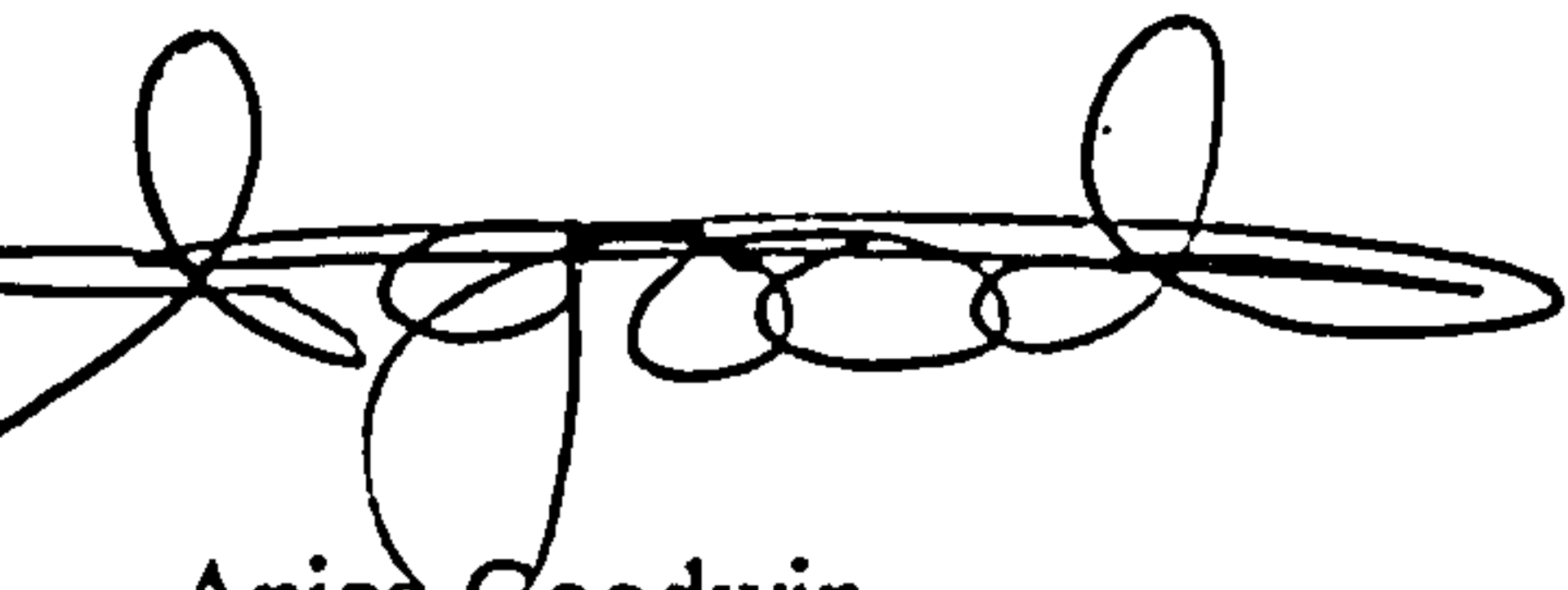
**Project with Regional Railways Central**

Following your previous conversations with members of the Training & Development team, I understand you were hoping to commence your project with us on 15 December 1994.

It will be necessary before this date that we meet to make the necessary travel arrangements.

I shall therefore be grateful if you will contact me on the above number as soon as possible to arrange a suitable date for us to meet.

Yours sincerely



Anica Goodwin  
Training Manager