

ASSESSMENT OF ORGANIZATIONAL TRANSFORMATION PLAN THROUGH AN ORGANIZATIONAL CLIMATE SURVEY

THELMA GERALDINE A. BARICAUA, M.S.

This paper examines the transition of a large Filipino-owned electronics component manufacturing company (COMPANY “G”) as it embarked on an Organization Transformation Plan to support the goal of becoming a Global Tier 2 EMS¹.

COMPANY “G” was established in 1980 as a joint venture. With more than 25 years of experience in the industry, it has an established expertise in comprehensive manufacturing capabilities and higher value services for the storage device, communications, industrial, consumer, and automotive electronics markets.

Key to COMPANY “G”’s complete service is flexibility and responsiveness to customer needs, and respect for our customers’ intellectual property rights. OEMs can leverage company’s excellent quality and productivity systems.

COMPANY “G” has received numerous awards and accolades from its global customers. It also obtained the awards for Manufacturing Quality and Dependability/Timely Delivery for Medium-Sized EMS Companies in *Circuits Assembly’s* Service Excellence Awards 2006 based on customers’ survey responses. These, along with long-term business partnerships nurtured through the years, are clear evidence of the high level of customer satisfaction that COMPANY “G” is able to maintain.

COMPANY “G”’s facilities in the Philippines are located in Laguna and Cebu. They offer a wide range of services such as PCBA, Flip chip assembly, Box build, Sub-assembly, and Enclosure system manufacturing.

With the new strategic direction, transitions in many aspects of the company was expected; several programs were implemented and continuous communication was done to inculcate the culture of a Business Centric

¹ EMS tier ranks are based on revenue numbers, global presence, and market segment coverage.

Organization² (BCO) and other organization-wide initiatives that support the goal of becoming a global tier 2 EMS.

This paper explored Company “G”’s transition with a Culture Assessment that aimed to determine the relevance of COMPANY “G”’s current culture vis-à-vis its strategic direction. The assessment aimed to identify aspects of COMPANY “G”’s culture that should remain constant in the midst of change. Likewise, it looked into which aspects of the company culture require reinforcement or modification.

In addition, the assessment would lead to the creation of a new, forceful culture (to be adopted by COMPANY “G”) that is linked with the change process and can sustain, drive and accelerate COMPANY “G”’s growth into the future. Finally, this study would establish the baseline and identify basis for the programs and plans to support COMPANY “G”’s goal of becoming a global tier 2 EMS.

This Organizational Climate³ Survey (OCS) Study aimed to: 1) Assess whether the Company “G”’s doing well in the implementation of its change initiatives; 2) Identify strength and opportunities for improvement in critical dimensions that have an impact in the achievement of the company’s goals and objectives.

Method

The study utilized survey questionnaires, interviews and focus group discussions in determining the organizational climate of Company “G”.

Respondents

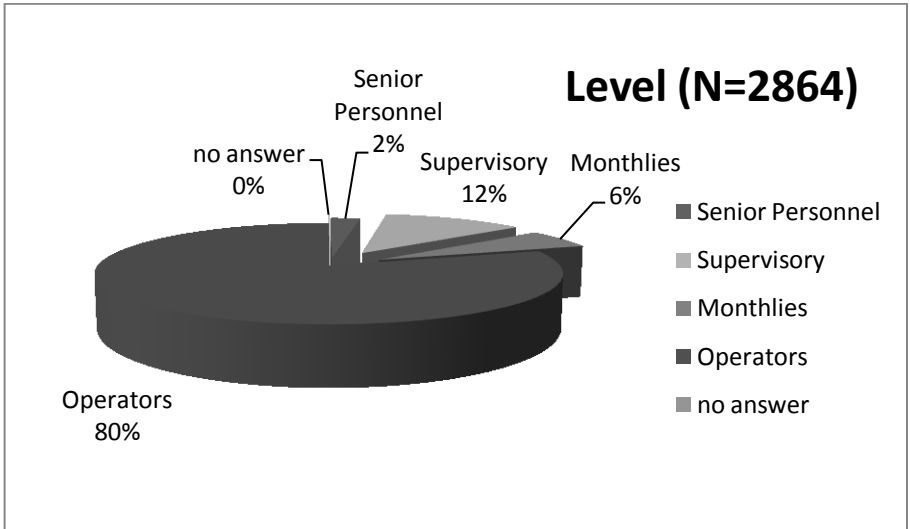
The study attempted to include as many participants for the survey in order to produce a complete assessment of the prevailing organizational climate. Of the 22,000+ employees of Company “G”, around 2,880 were included in the survey. Majority or 45.5% came from the PCP group followed by the HDD group with 13%.

² BCO focuses on maximizing value for shareholders and as such should be an organization strongly focused on operations and sales.

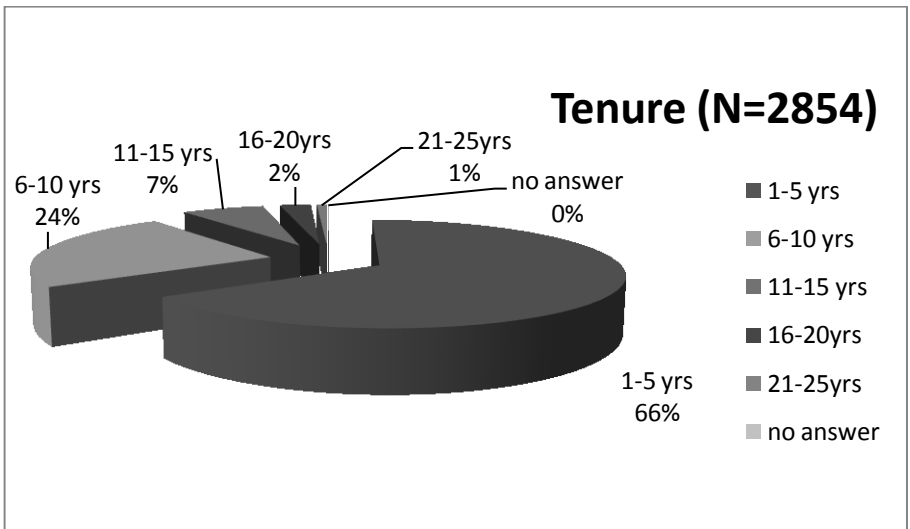
³ Organizational climate is the set of characteristics that describe an organization and that (a) distinguish one organization from other organizations; (b) are relatively enduring over time and (c) influence the behavior of the people in the organization (Forehand & Gilmer, 1964).

Function / Group (N=2880)	Percentage
PCP	46.5 %
HDD	13%
Eps	8.9%
SMT	7%
I&A	4.5%
Cebu	4.4%
Semicon & Exposure	4%
3Cs	3%
Eaz	1.2%
Tosh	.1%
Quality	1.7%
Plant Eng'g	1.1%
Materials mgt	1%
CETD	.9%
Finance	.9%
HRMD	.7%
ICT	.6%
Marketing	.3%
Sales	.2%
No Answer	.010%

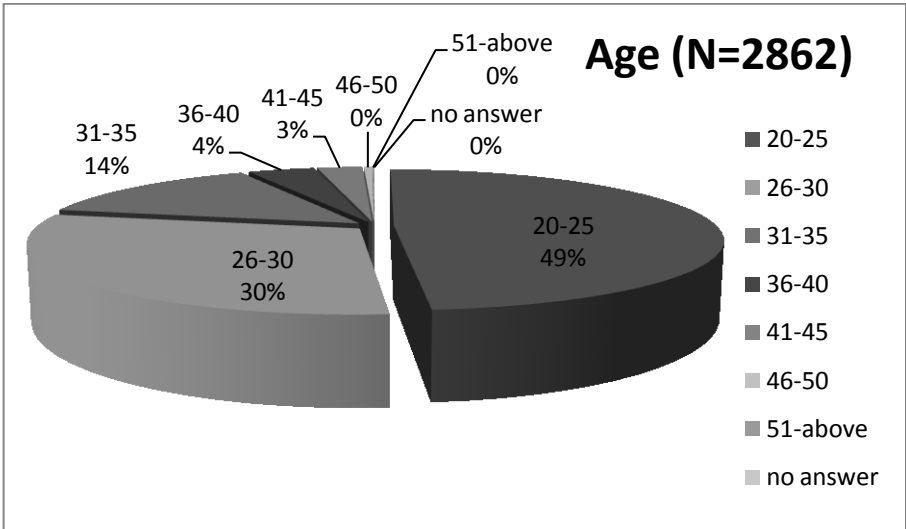
The bulk of the participants (80%) of the study are the operators or dailies followed by the supervisors (12%). This distribution is representative of the population of the company's different plant locations.



In terms of tenure, majority (66%) of the respondents have been with the company for 1-5 years. This is followed by respondents who have been with the organization for 6-10 years (24%).



In terms of age, 49% of respondents are 20-25 years old. This is followed closely by the 26-30 years old bracket with 30%.



Instrument

A 60-item Organizational Climate Scale was utilized for the study. The scale surveyed 12 dimensions relevant to organizational climate such as strategic direction, leadership, communication, innovation, job satisfaction, rewards and recognition, change, employee training and development, employee commitment/involvement, team orientation, performance management, and organizational structure. The scale follows a 5-point Likert type format that asks the respondent to evaluate the indicators of organizational climate. Responses to items indicate the respondents' perception of the dimensions of organizational climate in Company "G".

Graphical icons are also incorporated in the scale to facilitate better understanding of the items by respondents in the company. The interpretations below were used in evaluating the organizational climate dimensions.

4.5 or greater	Found to be strongly rooted in the organization	👍
4.10 – 4.49	Highly visible in the Organization	😊
3.7 - 4.09	Quite visible in the organization	😐
3.69 and below	Definitely needs reinforcement	😞

Procedures

Given the size and different location of the units of Company "G", the survey questionnaires were distributed to employees using different means. Printed, as well as emailed copies of the survey were sent to selected respondents. Honest and candid responses were encouraged. Similarly, confidentiality and anonymity of survey respondents were ensured.

Similar assurances were given to respondents selected to participate in focused-group discussions (FGD). FGDs were scheduled with 4-5 participants in the different ranks particularly those in the supervisory levels.

Data Analysis

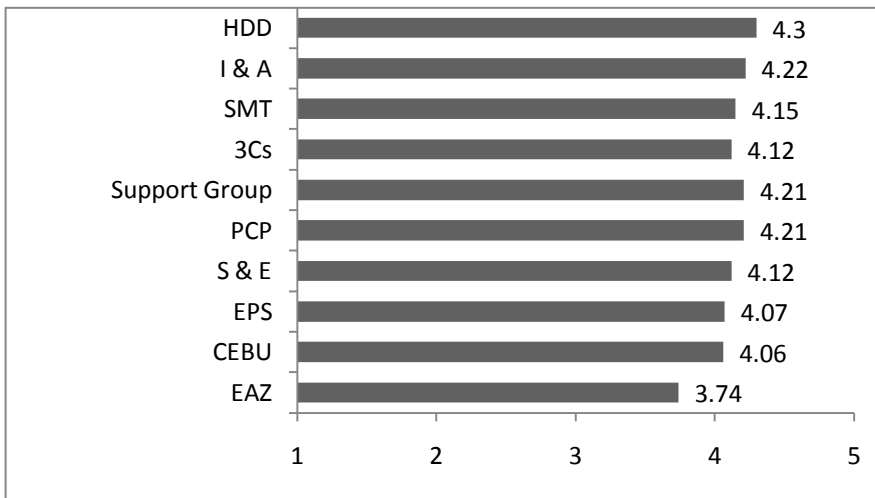
All the survey data were encoded and tabulated. Statistical analysis of the survey data was used to identify response rates and trends. Descriptive statistics were computed for each of the dimensions and

demographic grouping of the participants. Proceedings of the FGDs were transcribed and analyzed for recurring themes and patterns. Frequencies and percentages were mainly used in the interpretation of the data. Quadrant analysis of the different dimensions for the entire organization was accomplished using the level of visibility and importance as criteria.

Results and Discussion

Level Of Morale

Major factor for employees’ morale is satisfaction with their job or current scope of responsibility. It is also very much affected by the sense of stability in having a definite source of income, and the personal development they gain in working at Company “G”. As shown by the graph below, employee morale ranges from quite visible to highly visible in the organization.

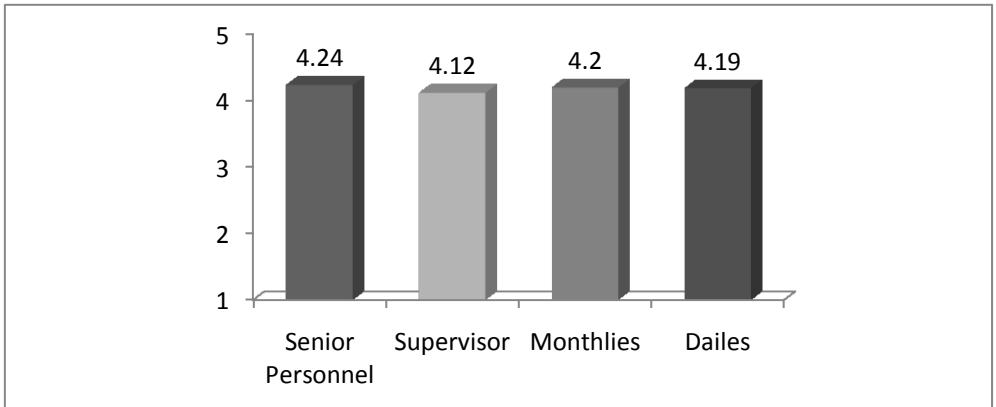


FGD data reveals the following things that respondents like about Company “G”. Substantially most respondents mention liking the activities (25%), benefits (25%) and bonuses (23%) that they receive in Company “G”. Participants in the FGD consistently express their appreciation for the opportunity for advancement in the company (9%). The respondents (8%) similarly expressed their liking for their CEO in setting strong leadership (down to earth, people oriented, set good example etc.).

There are no glaring areas for improvement spontaneously suggested but some mentions were wage increase, provision /maintenance of facilities, and expansion of shuttle service terminals. Employee suggestions for improvement within their divisions were limited to the

provision /maintenance of facilities (like rest rooms, locker area), improvement of the working environment, and reinforcement of teamwork.

From the survey, employee morale across the different levels ranged from 4.12 to 4.24 (see graph below). Further, across the organization, factors contributing to morale are: job satisfaction (29%), followed by having a source of income (22%), personal and professional development (14%), working environment [people are friendly (9%), level of comfort with co-workers (4%), Employee feel that they are part of a family (3%)] and Employees display positive working behavior [Industrious (5%), Quality conscious (3%), and Discipline (3%)].



For the senior personnel level, factors contributing to morale are : Leadership –[Goals set by leaders (3.6%), Motivation provided to employees (3.6%),Leadership in general (5.5%)], Giving quality products and services (12.7%), Growth of the company – 5.5%, Management support e.g. availability of needed resources to execute one’s job (9.1%) and equal treatment to employees (5.5%).

For the monthlies, factors contributing to morale are: Environment [Level of comfort with co-workers (8.3%), Positive working behavior manifest by employees (8.3%), Satisfaction on the job (3.3%), Dealing with employees (2.5%), Culture of sharing is visible (2.5%)], Having a source of income (5.8%), Appraisal (4.2%), Quality consciousness (4.2%) and Teamwork, leadership and training (3.3%).

For the operators or dailies, factors contributing to morale are: Job Satisfaction (29%), Having a source of income (26.4%), Personal development (16.4%), Environment-[Happy working environment (10.4%),Positive work behavior (4.6%),Familial environment

(3.6%), Relationship among employees (2%), Level of comfort with co-workers (1.8%), and Communication e.g. attitude employed in disseminating/communicating with employees (4.4%).

Identified Strength and Opportunities

As indicated by the table below, among the 12 dimensions assessed, *Employee Commitment* came out as highly visible in the organization. All the others fall under “Quite visible”.

	Senior Personnel	Supervisors	Monthlies	Dailies
Strategic Direction	☹	☹	☹	☹
Leadership	😊	☹	☹	☹
Communication	☹	☹	☹	☹
Innovation	☹	☹	☹	☹
Job Sat	😊	☹	☹	☹
Rewards	☹	☹	☹	☹
Change	😊	☹	☹	☹
Training	😊	☹	😊	☹
Commitment	👉	😊	😊	😊
Teamwork	☹	☹	☹	☹
PMS	😊	☹	☹	☹
Org'l Structure	☹	☹	☹	☹

Legend: 3.69 and below-☹, 3.7 - 4.09 -☹, 4.10 – 4.49 -😊, 4.5 or greater -👉

While overall leadership rating is in an acceptable level (3.97), broken down by level, the ratings reveal that the *CEO* is seen as a very strong leader (4.41). However, this dramatically drops down the hierarchy of leadership. As shown by the table below, the following ratings by level: *Functional Head* (4.09), *Immediate Manager* (3.91), and *Immediate Supervisor* (3.73) are all within acceptable levels.

	CEO	Functional Head	Immediate Manager	Immediate Supervisor
Senior Personnel	👉	😊	😊	😊
Supervisors	👉	😊	☹	☹
Monthlies	😊	😊	☹	☹
Dailies	😊	☹	☹	☹
	4.41	4.09	3.91	3.73

Among the 12 dimensions assessed, Organizational Structure is commonly found in the “IMPROVE” area among all levels. This area is evaluated as low visibility in the organization but high in importance.

The dimension of teamwork and rewards and recognition on the other hand are found in the “IMPROVE” area among the supervisors, monthlies and dailies. Performance Management is also in the “IMPROVE” area among senior personnel, supervisors and monthlies.

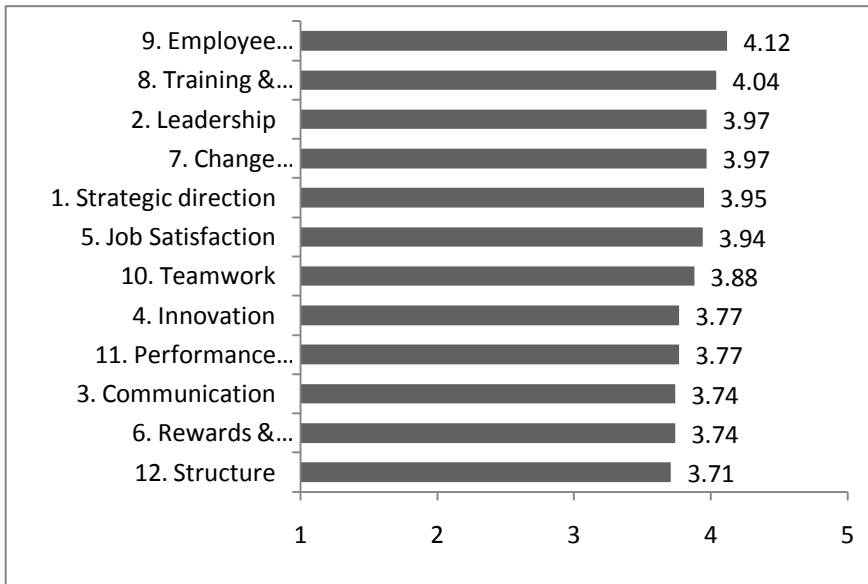
As shown in the table below, Strategic Direction is also in the “IMPROVE” area among senior personnel and supervisors. Among monthlies, the dimension of strategic direction is perceived as high visibility and low importance or “UNCOVER”. For the dailies or operators, it is perceived as high visibility and high importance or “CAPITALIZE”.

The dimension for job satisfaction for all levels is perceived as high visibility and high importance or “CAPITALIZE”. This is also true for the dimensions of change and training. For the employees, this is indicative that the efforts of Company “G” in transforming itself through the implementation of programs and interventions are being felt by them. This scenario makes it ripe for the implementation of improvements and changes that would allow for the achievement of a business centric organization.

	Senior Personnel	Supervisors	Monthlies	Dailies
Strategic Direction	Improve	Improve	Uncover	Capitalize
Leadership	Capitalize	Capitalize	Capitalize	Uncover
CEO	Uncover	Uncover	Uncover	Uncover
Functional Head	Uncover	Uncover	Uncover	Uncover
Immediate Manager	Capitalize	Uncover	Improve	Uncover
Immediate Supervisor	Uncover	Uncover	Improve	Monitor
Communication	Monitor	Monitor	Monitor	Monitor
Innovation	Improve	Monitor	Monitor	Monitor
Job Satisfaction	Capitalize	Capitalize	Capitalize	Capitalize
Rewards	Monitor	Improve	Improve	Improve
Change	Capitalize	Capitalize	Capitalize	Capitalize
Training	Capitalize	Capitalize	Capitalize	Capitalize
Commitment	Uncover	Capitalize	Uncover	Capitalize
Teamwork	Monitor	Improve	Improve	Improve
PMS	Improve	Improve	Improve	Monitor
Org'l Structure	Improve	Improve	Improve	Improve

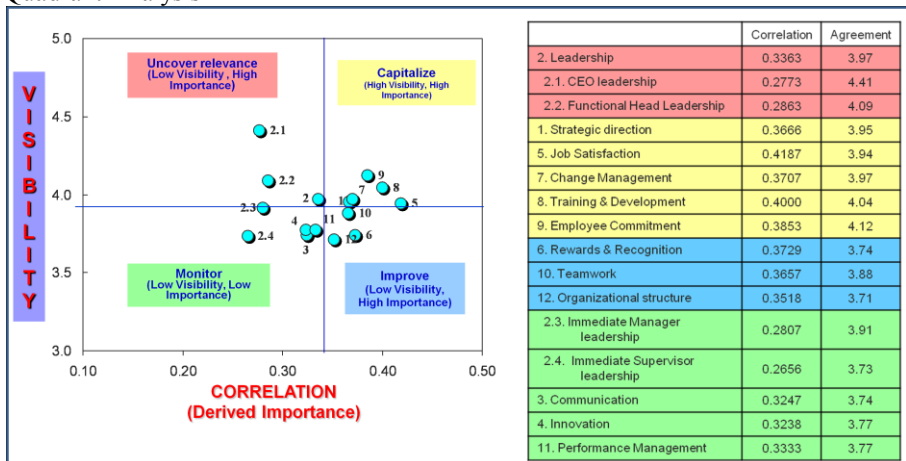
Capitalize – High visibility and high importance, **Improve** – Low visibility and high importance
Uncover – High visibility and low importance, **Monitor** – Low visibility and low importance

Based on the graph below, current strengths of Company “G” are found to be in the areas of *Strategic Direction, Job Satisfaction, Change Management, Training and Development, and Employee Commitment.*



The quadrant analysis below reveals that there are already gains in the change process of Company “G” that it can *capitalize* to propel it forward towards the achievement of its vision to become global tier 2 EMS, and which can be leveraged towards positive change.

Quadrant Analysis



These are the dimensions measured in the areas of *strategic direction, job satisfaction, change management, training and development, and employee commitment*.

The current credibility of top management, as well as the functional leadership to lead the company to its desired state or destination is a factor that can very well be uncovered and taken advantage of by the company. Highly credible leaders know that it is their visible actions that demonstrate their true commitment. If judiciously tapped, this credibility will sustain hope and keep it alive particularly during troubling times of transition. People need more energy and enthusiasm, more inspiration and optimism from strong and credible leaders than in times of stability and growth.

While the top leadership enjoys a good reputation, on one hand, there is a need to cascade the positive regard towards management down to the level of the immediate manager and supervisor. In the ultimate sense, this level of the managerial hierarchy interacts more directly with the ranks. The immediate manager or supervisor is usually associated to be the representative of the company. Hence, the quality of interaction and experience between immediate superior and the ranks, rightly or wrongly, is interpreted as the company “doing it to them”. Therefore, if the immediate superior is benevolent in his style of leadership, the necessary conclusion by the ranks is the Company “G”s likewise that way to them. The reverse is equally true for them.

Conclusion

In the process of change, the significance of *communication, innovation and performance management* can never be over emphasized. Communication, the nervous system of the company, provides the assurance that the agenda for change is understood by all, and the flow of information regarding the status of the change is cascaded to all.

Innovation is the lifeblood of a change process. The commitment to continuous improvement guarantees the seriousness of the management to deliver the company’s purpose. Performance management ensures the achievement of the vision-mission-strategy and goals by individuals and teams.

For Company “G”, there is much to be desired in the organizational dimensions of *teamwork, rewards and recognition, and organizational structure*. Teamwork accelerates the change process because of its multiplier effect. However, without a sound rewards and recognition system, the enthusiasm for the desired change may wane, as the climb to the summit

gets arduous. Moreover, a well-established organizational structure responsive to the company’s vision-mission stabilizes and embeds the change to become eventually a culture.

Company “G” is successfully progressing towards the achievement of its vision to become global tier 2 EMS. As of this writing, Company “G” has achieved its business goals, two years ahead of schedule and was declared that it is now a Filipino multinational company⁴.

⁴ As of July 2010, Company I opened its sixth facility in Chengdu, Sichuan province in southwestern China. It is consistently ranked among the top 30 EMS providers in the world. Last year, it swung to profitability with net earnings of \$10 million as against a \$17-million net loss in 2008.