

A Preliminary Research Report

Bureaucracy or Flexicracy: A Study on the Nature of Organisations in Malaysia

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Specialist Management Resources (SMR)
Kuala Lumpur, July 1997

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A Note on the Study

This is a *preliminary* report on the nature of industrial and service organisations in Malaysia. While the study eventually focussed on Malaysia, it attempted (i) an understanding of the nature of organisations in the nations of the region and (ii) a comparative analysis of Malaysia and other nations.

Key organisations were chosen through convenient sampling method. We mailed out questionnaires to organizations in the sample. The return rate was poor and most of the organisations that returned the questionnaire duly completed were Malaysian. The major problems that we confronted were the reluctance of organisation to participate in the research project. The fear of course was that they may have to divulge information that would put them at a disadvantage. It was for them a matter of security and confidentiality. At the time of writing this report, we had only received about 25% of the questionnaires we mailed out. Part of the problem was how organisations perceived us: We were not seen as a research institution but "just another business house". We could not, therefore, get a picture of the nature of organizations in the other Southeast Asian countries and consequently we could not do a comparative analysis as originally intended.

Given this situation, the analysis in the report has to be taken with a little caution. For us, it offers a "glimpse" of the organisational forms prevalent in Malaysia. It also reveals to us whether we are organisationally getting ready for the challenges of 2020.

Analysis and Interpretation: A Preliminary Report on the Nature of Business Organisations in Malaysia.

Introduction

The purpose of the study on the nature of organisation in Malaysia and the Southeast Asian region was to determine the extent to which industrial and service organisations were poised, or at least preparing, to enter the rapidly evolving information age and "learning society" that the world is witnessing today.

The Southeast Asian region is slowly but surely developing toward its full potential, attempting to overcome economic, political and social challenges that face the nations comprising it. Malaysia, in particular, is on the verge of fulfilling a plan that will result in the completion of Malaysia's *Vision 2020*. With the successful realisation of *Vision 2020*, Malaysia will achieve the "developed nation" status. As indicated above, the question to be asked is "*Have the industrial and service organizations in the region in general and Malaysia in particular, made specific changes and/or developed plans to becoming more "intelligent" ?*"

The task that is being assigned to organisations in this region is to re-evaluate and overhaul their organisational structure and technological capabilities, in order to achieve the type of organisations that is continuously learning and informed.

They have to do this in spite of the fact that organisation in the region are faced with demanding international agendas such as regionalism and economic globalisation. They must also constantly keep abreast of developments in the international environment and remain absolutely competitive, dynamic and resilient on the international stage.

There is need for an emphasis on strengthening of the quality of their "direct labour" and on overhauling the philosophies and practices currently found within structure of many of them.

The study raises many issues, including the hierarchical and highly bureaucratic organisational structure often found within organisations in this region as well as their IT capabilities. Many of the practices and philosophies found within them tend to minimize and limit the power and initiative of direct labour, or lower level employees and to control information available to them.

Furthermore, the low level of educational qualifications, and by extension, the low IT qualifications of these employees have served to relegate them to a non-competitive realm, both external and internal to the organisation. It is therefore

important for organisations to transform their philosophies and practices, and include direct labour as a "true" part of the team that make up organisations.

Analysis and Interpretation:

Levels

In many organisations numerous levels made up their structure. More than half of these had over 4 to 5 levels of hierarchy. While they *may not have described* themselves as hierarchical or bureaucratic, there were still many levels for employees to contend with. *These organisations may not perceive themselves as hierarchical in the dictatorial sense of the word, but perhaps more as the way things should be, which is a superior-subordinate relationship between employers and employees.*

Educational Level

Many of the organisations had employees with primary and secondary levels of education. This is one of the basis for their relative powerlessness. There is definite polarisation between direct labour and management and there appears to be no significant steps taken to close the widening gap between the two. As there is a lack of higher education amongst the lower level employees, there is also a marked contrast between the two groups of employees. Most of the organisations do not operate with a mandatory training component. There is also no real consideration of voluntary training strategies.

(Voluntary training is preferred as it reinforces learning as the learners' responsibility, and gives them a sense of ownership of knowledge and skills and encourages in them initiative.)

Information

There are numerous factors that indicate a philosophy and practice of hierarchy within the organizations. For 75% of them, the availability of information and information-sharing are dependent upon the category of employee and/or of the information sought. While it is understandable that often trade secrets or other highly sensitive information must be kept guarded, one must question how much of this practice and philosophy extend to even the less complex of issues simply for the reason of *maintaining control*. There appears to be a strict code of who is allowed to have what type of information, and therefore, information and decisions are not fully given to all. It would appear that employees are simply told what to do and not consulted to any significant degree. It is ironic that in a culture that is moving rapidly towards an information society, information is still highly controlled.

Critical Comments/Suggestions

Approximately 60% of the organisations do encourage employees to offer critical comments on their activities. The fora for making these critical comments occur in public places such as the canteen (over lunch, for instance) or other social settings. Departmental meetings are also used for the purpose. Employees are intimidated by the upper management's potential for direct or indirect retaliation. Thus, they naturally dread a public forum that would make them known to all. There is also the fear that such exposure would impede the receipt of promotions or increments. Employees prefer a setting whereby they would remain anonymous, but still be able to voice concerns, and make recommendations for change. The other 40% of the organisations do not encourage employees to make critical comments on policies or practices. There is a strict "unwritten" code for enforcing status quo.

Developing Organisational Vision

Still another indicator of a hierarchical philosophy is illustrated in the development of an organisation's vision. Among the responding organisations, none sought input from employees in the development of the company's vision. They were not consulted on how they viewed the company, let alone asked to be part of the collaborative process. Any type of consultation that did occur was only down to the level of manager. Still, all organizations, with the exception of one, believed that the employees participated in the *building of the vision of the company*, through all forms of re-enforcement. Essentially, whether or not they shared the same view, they were encouraged to support and believe in the vision.

It is a fact that the people who work in the "trenches" or lower levels of the organisation usually know many of the intricate nuances of the organisation and its external influences, simply by having access to its daily workings. As a result of not participating, or at times not agreeing with the vision as developed by upper management, many of the employees do not feel a "sense" of commitment to the company or ownership of the processes in the company. A sense of trust is less than what could or should be.

Without the idea of a *shared* vision among all persons within the organisation, there is less of a sense of being bound together, equally working toward a common goal. There is also a sense of a lack of support and commitment. Many of the organisations rely on external inputs for knowledge and ideas for improvement. This would give an indication to employees that their knowledge and experience are not as valued as that provided by external agencies. Eventually, we see a distinction between *vision making* and *vision building*.

Control or Commitment Style of Management

Interestingly, 75 % of responding organisations adopted a decentralised decision-making process. Fifty percent of the responding organisations however, admitted to having more control than commitment in their style of management. Given this situation, what exactly is considered a decentralized method of decision-making? It would be careless to discard this information as useless since it is internally inconsistent. What makes the respondents see control as their style of management yet adopt a decentralised decision-making strategy? Is this a confusion of intention and actuality? Or is it a "statement" on the degree of flexibility an organisation can achieve? Is "flexicracy", as compared to bureaucracy, synonym with organisational chaos? The ancient problem of "order and chaos" seems to have been recasted as the problem of "bureaucracy-flexicracy".

Computer Literacy

Many organisations that had employees with only secondary and/or primary education did not have strong computer literacy skills. A little less than half of them had less than 10% of their staff with computer literacy skills. 25% of responding organisations had 11% to 25% of their staff with computer literacy skills. These figures indicate that much of the direct labour of the organisation are not as educated, trained or informed as they could be or certainly should be. It puts these employees at a severe disadvantage when competing with other organisations at home and abroad. Furthermore, it further widens the gap and strengthens the hierarchy between upper management and direct labour, between knowledge and manual workers.

On the other side of coin, while there are sufficient number of computers in many organisations, there is poor effort in introducing *higher levels of computing application*. Essentially, a significant number of these machines are used only for their word-processing capabilities. While there is promise of increasing the IT levels within the organization, there is more of a reluctance to incorporate the higher levels of IT use, such as multimedia, into the heart of operation of the organisation.

IT Status

Approximately 60% of the organisations that responded considered their IT status as " at a moderate level". Furthermore, 25% of them stressed that more could be done to improve upon existing IT levels and capabilities. Many of them (approximately 50%) did not have Internet or LAN access, or computer-aided learning facilities. Such a situation does not aid in self-directed learning drive. While over 60% of them support or encourage self-directed learning in theory, mechanisms are not yet in place to support it completely or with any effectiveness. Many of organisations are not taking the crucial steps of improving their IT levels, which could add to efficiency, effectiveness, and a sense of empowerment for employees.

Self-Directed Learning

While many organisations encouraged and/or supported self-motivation and self-direction, there are still no definite policies and systematic procedures in place to compliment them. There are also no policies or procedures in place for a systematic method of collecting and storing information. This, of course, reflected an inadequacy in their IT status or their understanding of the importance of knowledge management.

Team-Based Structures

Organisations are incorporating team-based structures and activities within them. However, there still remained other factors that contribute to a hierarchical and bureaucratic culture such as the one mentioned above i.e. the control style of management.

Conclusion

Organisations in Malaysia (and the Southeast Asian region) must adapt to the changing modes of operation that the rest of the world is moving towards. The world is witnessing a noticeable modification in organisational structure, the collaborative process, technological application, and even how work is done. More of it now involves team-based approaches, with lateral and flat relational structures that defy traditional approaches to hierarchy or to superiority and authority. It now also includes more reliance upon the miracles of information technology. One can today work from home but still have no difficulty in fulfilling what is required. There is a potential to overcome what industrial revolution contributed to i.e. the separation of home and workplace.

All of these changes bring to relieve the choices we have in our efforts at organisational re-structuring. The choices are poised between two extremities: Do we want a highly bureaucratized organisation or a highly flexible one? Our choice will of course decide our survival, our performance and our contribution in an ever growing competitive environment.
