

ORGANISATIONAL CHANGE: THE IMPACT OF RESTRUCTURING ON SUNWAY COLLEGE KUALA LUMPUR EMPLOYEES

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ABSTRACT

Organisational change could affect the organisation positively or negatively. Apart from the management, employees are also affected with the changes. In the case of Sunway College Kuala Lumpur (SCKL), the organisational restructuring involves an establishment of new companies where the employees are realigned and transferred to different companies. The purpose of this case study is to identify the issues faced by the SCKL employees after the restructuring and how the management is handling these issues. The information is gathered through in-depth interviews with the employees under SCKL and Sunway Education Group Sdn Bhd, as well as the students who are under the Australian University Programme. Based on the findings, the management perceives the issues raised by the employees as mere perception, and instead claims that the restructuring has actually had a positive impact. We have further analysed the issues and integrated our findings with the management theories discussed in the Organizational Behaviour and Leadership course. However, we note that the information collected is prone to bias due to the limited number of respondents interviewed.

COMPANY BACKGROUND

Sunway Education Group (SEG) aspires to be the international education hub in Malaysia, one that the nation and Sunway students and staff can be proud of. As one of the pioneers of private education in Malaysia, it has helped transform the landscape of education in Malaysia and create benchmarks many others in the local industry have emulated. The SEG consists of Sunway University and Monash University Malaysia, a global and research-intensive medical school known as the Jeffrey Cheah School of Medicine and Health Sciences. In addition, it comprises the world award-winning colleges including Sunway College, Sunway College Johor Bahru, Sunway College Kuching and Sunway College Ipoh. Apart from that, a Centre for Accountancy Excellence, Sunway TES is also part of it. The worldwide leader in gastronomy, hospitality and management, Sunway Le Cordon Bleu Institute of Culinary Arts, and the only international school in Malaysia to offer the Ontario (Canada) Secondary School curriculum, Sunway International School are also under the SEG.

The SEG was established by its founder, Tan Sri Dato' Seri Dr Jeffrey Cheah. The institution received an auspicious start in 1987 when it was officially opened by the late H.R.H. Sultan Salahuddin Abdul Aziz Shah Alhaj Ibni Almarhum Sultan Hisamuddin Alam Shah Alhaj, the Sultan of Selangor Darul Ehsan. Within a short span of time, its student numbers outgrew the original premises, leading to the development of a new, purpose-built campus in Bandar Sunway, complete with a comprehensive range of modern academic and residential facilities. Being one of the pioneers of the twinning and credit transfer programmes, Sunway offered many Malaysian and international students the opportunity of obtaining well recognised

qualifications of foreign universities from the United Kingdom, Australia and the United States of America through studying at Sunway in Malaysia. As a result of its quality provision and track record of good academic results, Sunway College was upgraded to Sunway University College in 2004.

Sunway University College was one of very few private higher education institutions in Malaysia to be rated 'Excellent' in the first ever quality rating system in Malaysia – the 'SETARA' by the Malaysian Qualifications Agency (MQA) in 2009. With its excellent rating, quality delivery of teaching and learning and significant contribution towards developing the nation's workforce, Sunway University College became Sunway University in January 2011 a well-respected name in private higher education in Southeast Asia which offers wide range of course while Sunway College offerings of internationally recognised pre-university and professional accounting programmes as well as undergraduate twinning degree and MBA programmes with a well-recognised Australian university.

JEFFREY CHEAH FOUNDATION

Sunway Education Group is run under the Jeffrey Cheah Foundation. It is the first-of-its-kind in Malaysia within the field of private higher education, modelled along the lines of one of the oldest and most eminent universities in the world, Harvard University. The ownership and equity rights of the Sunway Education Group's learning institutions, namely, Sunway University, Monash University Malaysia, Jeffrey Cheah School of Medicine and Health Sciences, Sunway College, Sunway-TES and Sunway International School and others have officially and legally been transferred to the Foundation, valued at more than RM720 million.

The Jeffrey Cheah Foundation was launched on 18 March 2010 by the Prime Minister of Malaysia, Dato' Sri Mohd Najib Tun Abdul Razak, in the presence of its Royal Patron, H.R.H. the Sultan of Selangor, Sultan Sharafuddin Idris Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj.

Governed by a distinguished Board of Trustees, the not-for-profit foundation aims to safeguard the institutions in perpetuity by ensuring that the assets and operating surpluses are used to perpetuate the cause of providing and sustaining quality education for present and future generations of students. For the year 2014, the total scholarships awarded is estimated to be over RM45 million to more than 3,500 students. This would bring the total scholarships awarded to-date to be in excess of RM210 million to more than 23,000 deserving students.

CASE METHODOLOGY

To understand the impact of restructuring on Sunway College Kuala Lumpur employees, nine individuals were interviewed. The Human Resource (HR) Director of Sunway Education Group was interviewed to gather information about the impact of restructuring on the management and HR department. Besides that, she was asked about the issues which were raised by the Sunway College Kuala Lumpur staff and how she tackled those issues. Three lecturers participated in this research voluntarily and all of them are from the Australian University Programme (AUP). They were asked about the academic staff performance evaluation which seems irrelevant to lecturers holding a Doctoral degree (PhD) qualification in their department. In regards to the academic staff performance evaluation, two students from

the AUP programme were interviewed in order to know their opinion on the qualification of their lecturers. Furthermore, the students were also asked about their experience being in the same building with the Sunway University students. The administrative staff of the Sunway College Kuala Lumpur are among of the individuals that participated in this research and commented on the issues that arise after the restructuring. The experience of one of the Marketing Department staff also contributed to this case.

THE ORGANISATIONAL CHANGE IN SUNWAY EDUCATION GROUP SDN BHD

Organisational change is the process in which an organisation changes its structure, strategies, operational methods, technologies or organisational culture to affect change within the organisation and the effects of these changes on the organisation. Organisational change can be continuous or occur for distinct periods of time. It is argued to be a phenomenon characterised by subjectivity rather than objectivity. It can be perceived as either change or stability depending upon people's perceptions and boundary judgements, and consequently focus needs to be not so much on what type of change is taking place, but rather on diversity within a systemic framework, to order our thinking and help manage organisational change (Cao, Clarke, & Lehaney, 2000). The forces of change in an organisation are the nature of workforce, technology, economic shocks, competition, social trends and world politics (Robbins & Judge, 2015).

The organisational changes that occurred in Sunway Education Group Sdn Bhd (SEG) were changes in the organisational functions, organisation co-ordination and control. On 31 January 2011, Sunway University College (SYUC) became a full-fledged University, registered under SEG. The establishment of SYUC was a result of government regulation, by the Ministry of Education, in which Sunway University (Sun-U) can only offer home grown programmes while their pre-university and undergraduate twinning programmes need to be licensed under different institutions. Thus this has led to the organisational restructuring and establishment of another institute by the name of Sunway College Kuala Lumpur (SCKL).

The below table shows the name of Sunway education institutions and its operating companies during the establishment of Sunway College in 1987 until the restructuring of the SEG.

Institution	Operating Company	Year
Sunway College	Sunway College Sdn Bhd	Prior 2004
Sunway University College	Sunway College Sdn Bhd	2004 - 2009
Sunway University College	Sunway Education Group Sdn Bhd	2010
Sunway University	Sunway University Sdn Bhd	2011
Sunway College Kuala Lumpur	Sunway College (KL) Sdn Bhd	2011

Table 1: Sunway Institution Operating Companies

It is crucial for the SEG managing the organisational change wisely to avoid conflict among their staff. The classic model of change is Lewin's Three-Step Model. According to Kurt Lewin, the successful change in organisation should follow three steps i.e. unfreezing the status quo, movement to a desired end state and refreezing the new change to make it permanent (Robbins & Judge, 2015).



Exhibit 1: Lewin's Three Step Change Model

In the SEG case, the unfreezing phase involved breaking from the old ways of doing things. The management had to create awareness amongst the employees on the needs of change due to the regulations that have been designed by the Ministry of Education. Concurrently, the management created a new vision to direct the changes and strategies according to the new entities which have been established. The second phase, i.e. movement, is the phase where the whole organisation begins instituting the change. In the beginning, the changes may create anxiety amongst the employees; however, as time goes by, the employees will begin to accept the changes. Once the change has been instituted by the organisation, the last phase would be refreezing in which it is vital to stabilise the new situation by reinforcing and supporting the new ways. The management would not face any issues during the unfreezing and movement phase of their organisational change. However, the issues arise after the refreezing stage.

THE IMPACT OF RESTRUCTURING ON SUNWAY EDUCATION GROUP SDN BHD

The restructuring has resulted in massive changes in the SEG, which includes the establishment of two operating companies i.e. Sunway University Sdn Bhd (Sun-U) and Sunway College (KL) Sdn Bhd (SCKL). Both companies are represented by two different Board of Directors (BOD). Apart from the Board of Directors, the organisational structures of both institutions are also divergent from one to another. The Sunway College (KL) Sdn Bhd is controlled by the Chief Executive and Executive Director. The quality of the academic programmes which consists of Pre-University Studies, Australian University Programmes and Sunway TES Centre for Accountancy Excellence is controlled by the Academic Quality department. The operations of the academic programmes are supported by the Support Services units.

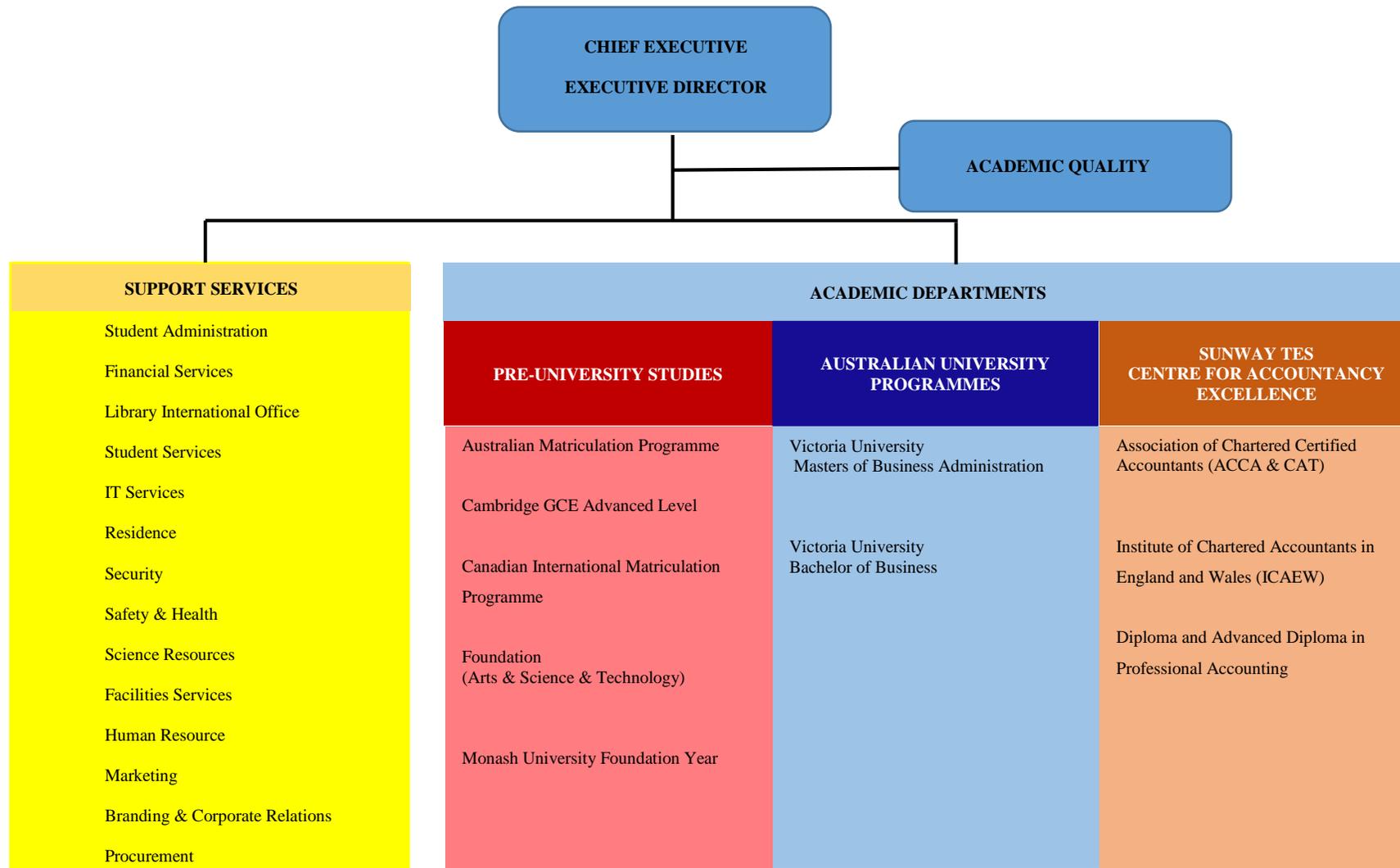


Exhibit 2: The Organisation Structure of Sunway College (KL) Sdn Bhd

As the BOD and organisational structure between these companies differ, their vision and mission are also different which also affect the strategies taken. Sun-U's vision is to be a world class university while their mission is to nurture all-round individuals and devote themselves to the discovery, advancement, transmission and application of knowledge that meets the needs of the society and the global community. On the other hand, SCKL's vision is to be the premier private college of choice and their missions are to be the college of choice by providing highest quality education which will instil knowledge, skills, social and moral values pertinent to students' success and the nation's needs. In order to achieve these ends, they commit themselves to excellence, dynamism, professionalism and innovation to achieve total customer satisfaction. They also strive to be recognised for its international academic standards, services and facilities, preferred by students, parents, employees, employers and other stakeholders, and respected by local and international institutions of higher education.

Prior to the organizational restructuring, all employees which are the main assets of the organization were under the same management. However, due to the organizational change, the employees were transferred to another company according to the department or programme they worked with. The support department employees, on the other hand, remained under the same company, i.e. Sunway Education Group Sdn Bhd.

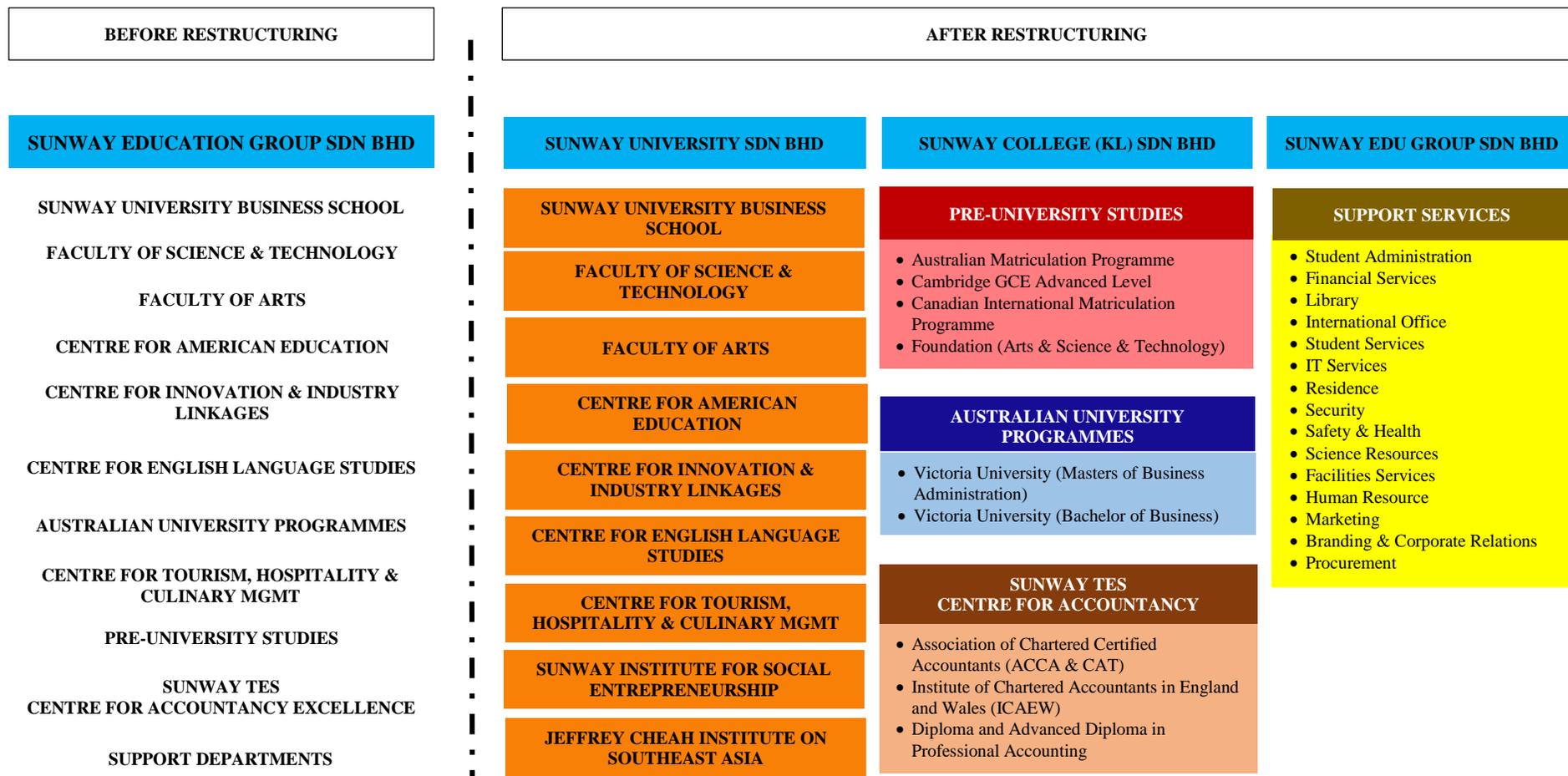
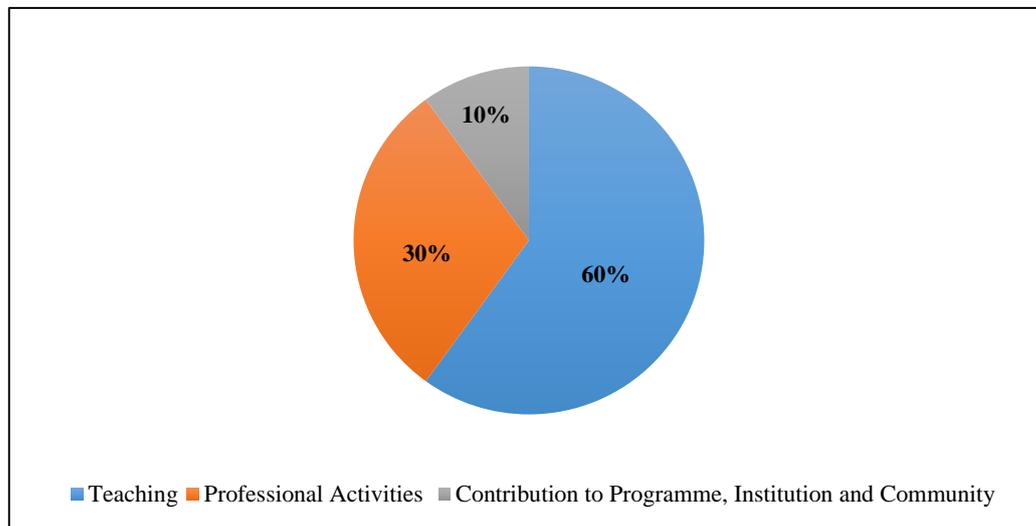


Exhibit 3: Staff transfer to the new companies after restructuring

THE ISSUES FACED BY SUNWAY COLLEGE KUALA LUMPUR EMPLOYEES

Restructuring which resulted in the transfer of employees from one company to another company have given a great impact to them. During the interview with the Sunway College (KL) Sdn Bhd employees, they have identified several issues which they are facing. Issues if taken care of properly by the management, could improve the organisation performance. Otherwise, it may cause the situation to worsen.

The main issue which have been identified after the restructuring is the academic staff whom are under the Australian University Programme (AUP) found the evaluation criteria to be irrelevant. This is due to the fact that even if the academic staff are pursuing their PhD, the job evaluation criteria is more on teaching rather than research. Research is categorised under professional activities which consists of 10% publication and other academic output is 20%. Continuous professional development, presentation of papers at seminars/conferences and consultancy work/conduct workshops are also part of professional activities.



Graph 1: Job evaluation criteria of AUP lecturers

Through a discussion with one of the AUP's academic staff, the criteria of the current job evaluation are good for them and she has no intention to continue her studies to a higher level. On the contrary, another AUP staff interviewed who is currently enrolled in a PhD course found that the current job evaluation is not favourable to her. Her opinion is supported by her colleague who is a PhD holder. This issue would discourage AUP lecturers to pursue their PhD as they will be evaluated similar to the colleagues who do not have a PhD. This issue not only affect the employees' motivation but it would also affect the assessment of the 'SETARA' in the future as SCKL has unfavourable number of PhD lecturers. The quality rating 'SETARA' by the Malaysian Qualifications Agency (MQA) not only evaluates the quality of the course and the facilities and infrastructure, but also the level of qualification of lecturers. Furthermore, students and parents also take into consideration the qualification of academic staff when considering for the course that they wish to enrol in.

Double standard treatment by the support department towards Sunway College programmes which has created dissatisfaction among the SCKL employees is one of the crucial issues which need to be tackled by the management. One of the examples which have led to this issue was when the Marketing Department differentiate the attire of Sun-U and SCKL employees during their Open Day. During the Open Day briefing, they clearly mentioned that the Sun-U staff are

to wear business attire and they need to wear the name tags that were provided during the Open Day. Apart from that, they also made arrangements for five Sunway University General Counsellors who will be wearing the badge during Open Day and they will be able to counsel on Sun-U programmes. On the other hand, the SCKL staff are to wear their department t-shirt. Another example is when another support department who is responsible for the 2016 Open Day video only concentrated on Sun-U and none about SCKL although the Open Day is meant to advertise both, Sun-U and SCKL.

Managing two companies under the same roof is challenging for the management as it could lead to bias. Sun-U which offers home-grown courses carries Sun-U name and carrying this name is vital for the management to ensure their vision to be a world class university is achieved. Moreover, the university status itself symbolise a higher status of education institution compared to SCKL which is categorised under college. This scenario has led to the favouritism issue which have been raised by the SCKL employees. The management do organise CEO Communication sessions with the employees to present the achievements and the developments of Sun-U and SCKL. This issue became more critical when most of the presentations concentrated more on Sun-U. In addition to these sessions, the management has also organised VC (Vice Chancellor) Talk sessions with the staff which also focused on the development of Sun-U.

THE MANAGEMENT'S REACTION TOWARD THE ISSUES

From the management perspective, restructuring which took place in 2011 has given positive impact as they could now focus on their vision and have clarity on the academician's needs. Even the Human Resource (HR) Director commented that after restructuring they have clearer policies for the employees which could cater to their specific needs as teaching staff especially in the job evaluation criteria or known as Managing for Excellence (MFE) and also in the requirement process of the teaching staff. Although it has given positive impact on the management, unfortunately, the SCKL employees feel unsatisfied with the treatment of the management and support departments towards them.

In regards to the issue that is faced by the academic staff in the AUP department, the HR Director commented that they need to use the current job evaluation form as majority of them are non-PhD holders. In managing issues of double standard treatment from the support departments and favouritism of top management towards, the HR Director stated that they have the Employee Engagement Survey which is done once every two years as well as a dialogue session with the senior management to express employees' thought and feelings or raised up issues. However, she argued that the issues which have been raised by the employees are only based on their perception. The management has given their best to satisfy the employees of both institutions.

Although these issues are viewed as perception by the employees, the management should investigate this conflict as perception is resulted from the experience and expectations of the employees. Three factors which lead to the perception are the factor in the perceiver, target and the situation. In this case the employees have experienced the difference in the treatment of the management and the support department towards them. As employees, they would expect equality in the treatment as they are in fact working under the same company.

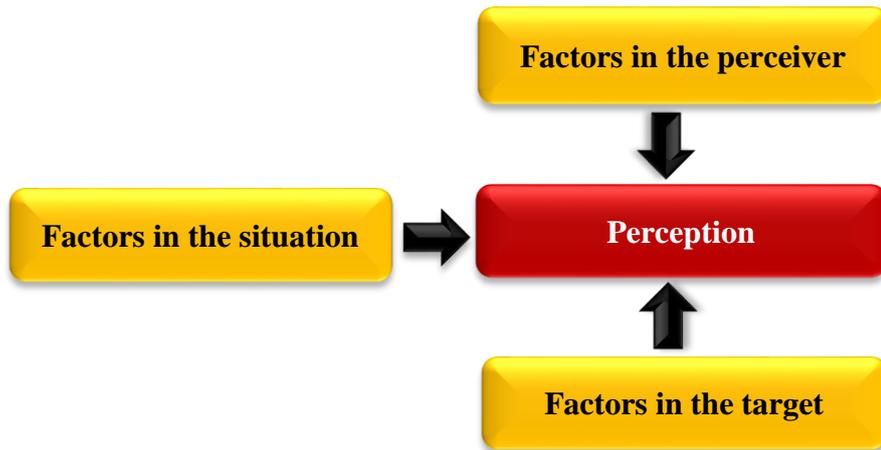


Exhibit 4: Factors that influence perception

Conflict is a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about (Robbins & Judge, 2015). The management’s refusal in accepting or avoiding those issues would create conflict between top management and employees which could affect the group’s performance.

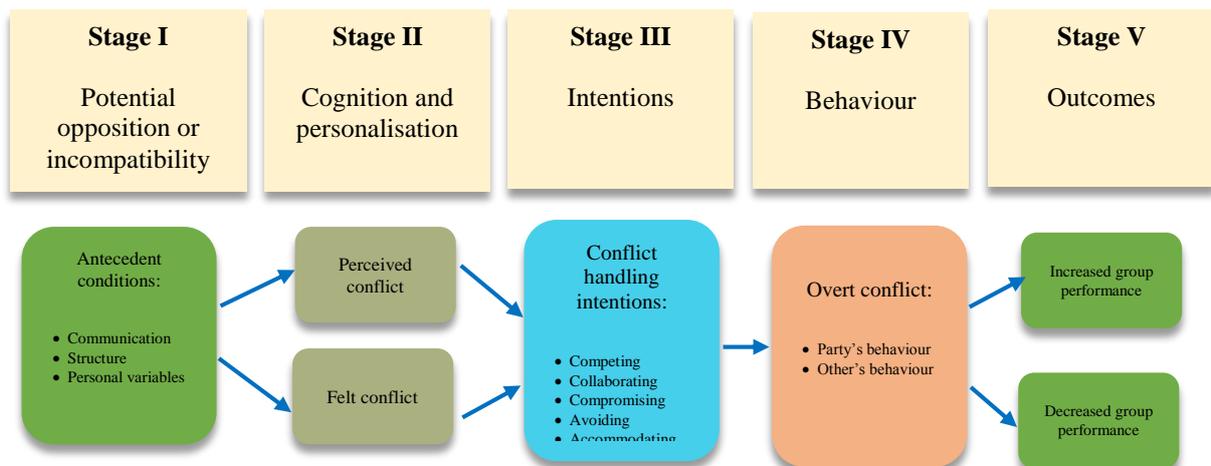


Exhibit 5: The conflict process

THE EMPLOYEES’ REACTION TOWARD THE ISSUES

The academic staff of AUP reacted differently towards the job evaluation criteria. The respondent who is currently enrolled in a PhD programme considers that the current evaluation criteria is not suitable for academic staff who have a PhD qualification. She is thinking of transferring to another institution after the completion of her PhD where her qualification is suitable or relevant to the job facets. On the other hand, another respondent who is currently holding a PhD found the job evaluation criteria suits him as the component of research and the publication and other academic output is in the job evaluation criteria although the percentage is not as high as teaching. The difference on the acceptance of this issue might be due to the personality of the respondents which lead to job satisfaction.

The action that could be taken by the employees could be seen clearly from EVLN model as below:

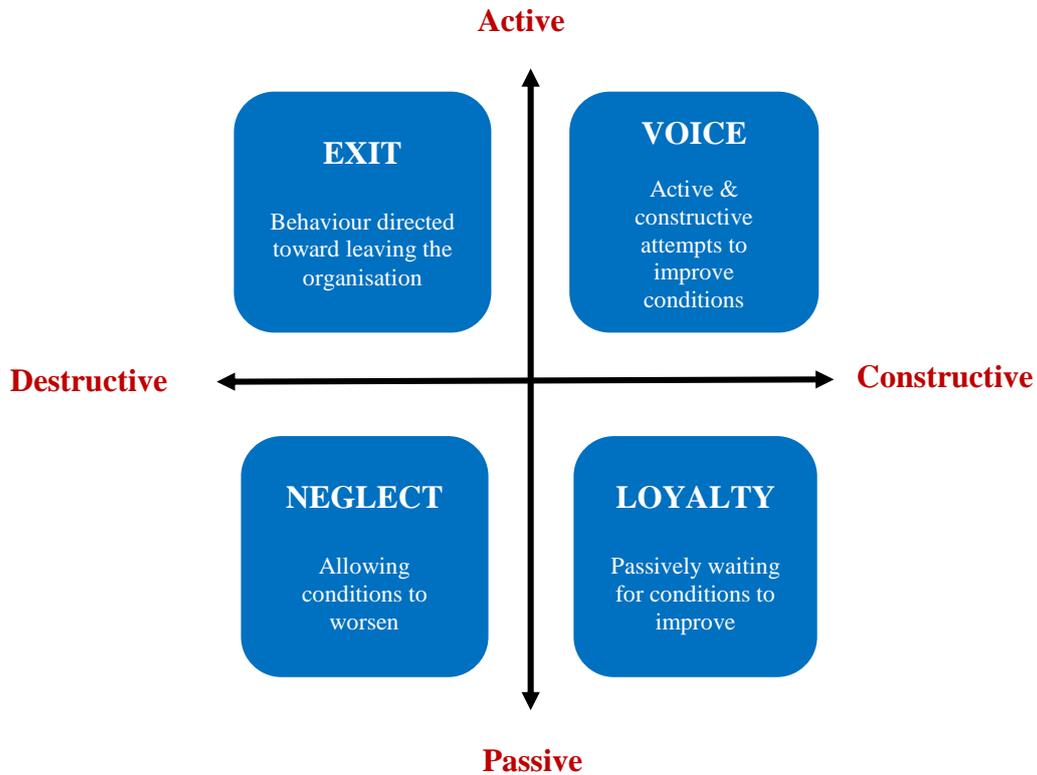


Exhibit 6: Employee Responses to Dissatisfaction

The employees can only accept the double-standard treatment from the support departments as they have no platform to raise this issue. They could only express their dissatisfaction by talking to the same group of employees who have the same feelings. Similarly to the rivalries amongst employees after restructuring, i.e. the employees can do nothing to overcome this issue.

SCKL do provide a platform for their employees to express their satisfaction or dissatisfaction through the Employee Engagement Survey. However, this survey could not be a medium for the employees to give feedback on their perception towards their top management regarding the bias or favouritism. As the employees did not see any platform for them to withdraw themselves from these issues it could affect the behaviours of the employees sooner or later.

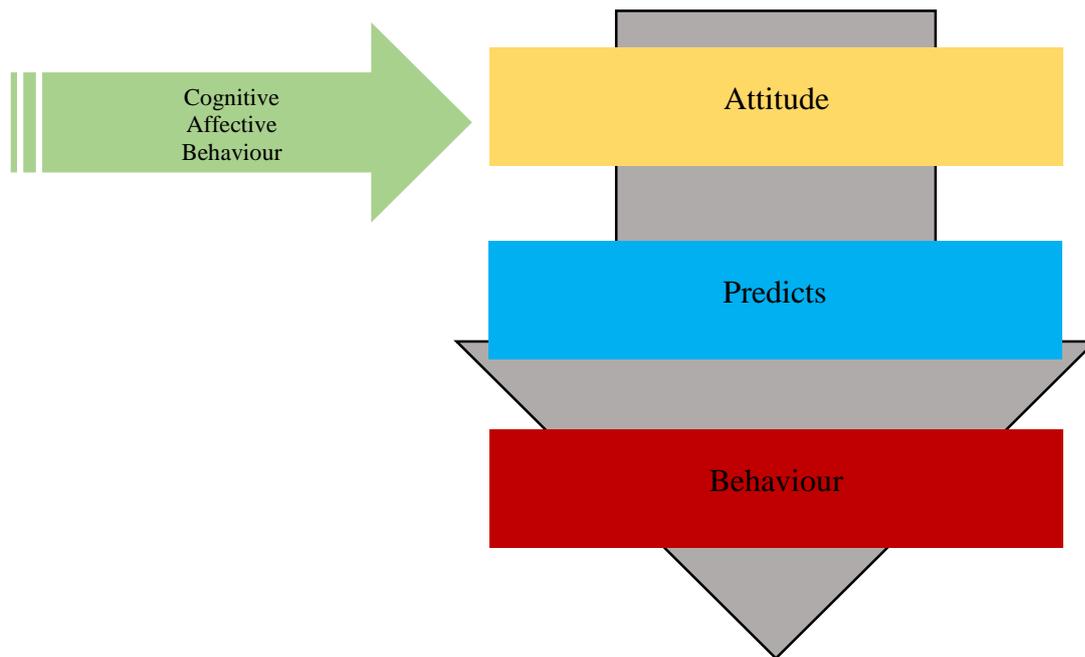


Exhibit 7: The process of behaviour creation

RECOMMENDATIONS

It is crucial for the management to handle the issues which have been raised by Sunway College Kuala Lumpur employees. The management should apply collaborating conflict-handling intentions where the management is looking for a win-win solution that allows theirs' and employees' goals to be completely achieved. This approach allows both parties in conflict to fully satisfy their concern. In addition, it also encourages cooperation while searching for a beneficial outcome.

Such issues occur in the organisation could be due to the lack of communication between management and employees. Either formal or informal, communication functions as a control mechanism, motivation, emotional expression and information provider. Two-way communication within organisation is important as the receiver provides feedback and the sender is receptive to the feedback. Although it is time consuming but this is the most effective way for the management to share information. Management should encourage more open communication such as the grapevine. It is an informal communication network in a group organisation which helps managers to identify issues which employees consider important. Moreover, it creates a sense of closeness and friendship among those who share information through small talk among them.

Both management and employees need to focus on their goals to prevent the same issues from arising in the future. Goals ensure both parties stay focused in their actions and decision making. Focusing on the organisation goal is vital as it ensures group cohesiveness where members of a group support and validate one another at work. It is the results of employees who trust one another, seeking for the common goals and work together to achieve the similar outcomes.

The below table shows the recommendations which should be taken by the SCKL management in tackling the issues.

Issue	Recommendation
Employees finds job evaluation criteria redundant / irrelevant	<p>Generate another job evaluation form to cater to different needs of academic staff.</p> <p>Managers should implement some organisational development (OD) techniques that is aimed to improve organisational effectiveness and employee well-being:</p> <ol style="list-style-type: none"> 1. survey feedback approach 2. process consultations: a consultant that identifies processes that need improvement 3. team building: high interaction among team members to increase trust and openness 4. intergroup development: OD efforts to change the attitudes, stereotypes, and perceptions that groups have of each other
Double-standard treatment from the support departments perceived by employees	<p>Organisational change affects the management, the employee, as well as the organisational culture. It is vital for the management to see to it that their core organisational culture remains unchanged in the expansion, and is understood as well as compatible with all its employees, from both the existing company and the new.</p> <p>This can be achieved by having several socialisation programs, for employees to understand the organisation's culture. With socialisation programs in place, there will be greater commitment, higher productivity and lower turnover, and increased tolerance and understanding of the organisation's management process.</p>
Negative perception of top management by employees: distrust	<p>Loss of employees' trust is a form of implicit resistance to change which could be due to:</p> <ol style="list-style-type: none"> 1. Individual resistance, for example derived from selective information processing or security/economic factor. 2. Organisational resistance, for example derived from threat to established resource allocations or power relationships. <p>This can however, be overcome by education and communication to those affected by explaining to them the logic behind the change, and also build support and commitment through various engagement activities or new-skill training.</p>
Rivalries amongst employees after restructure/expansion	<p>HR should have a planned change, in which its goals are to improve the ability of the organisation to adapt to changes in its environment. As well as to manage employee relationships and tension, and to change employee behaviour.</p> <p>For the apparent tension build up, there are few organisational approaches to managing stress:</p> <ol style="list-style-type: none"> 1. improved personnel selection and job placement 2. training 3. use of realistic goal setting 4. redesigning jobs 5. increased employee involvement 6. improved organisational communication 7. offering employee sabbaticals 8. establishment of corporate wellness programs

Table 2: Recommendations to overcome the issues

CONCLUSION

Every organisation has issues and the way management handles these issues affects the organisation performance. It could be constructive or destructive. Managers, therefore, have to use the best approach to deal with the issues. The collaborating conflict-handling intentions is the best as it shows that management is assertive and cooperative in handling the issues in which looking for the win-win outcome for both parties. Apart from that, communication is crucial in organisation to ensure the dissemination of information could be distributed effectively. The managers need to be creative in handling and solving the issues to ensure they could increase the group performance.

DISCUSSION QUESTION

- 1) Did the management manage the change process effectively? Why or why not?
- 2) Why do the reaction of employees differ from one to another? Explain.
- 3) How should the management react towards the issues which have been raised by the employees?

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