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CHRONIC CRISIS MANAGEMENT: THE PERCEPTION OF MALAY MANAGERS IN MALAYSIAN BUSINESS ORGANIZATIONS

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ABSTRACT

This study investigates crisis management by focusing on Bohn (2000). Bohn (2000) uses the term 'fire fighting' to describe firms that are in a chronic state of crisis management. Typically, managers rush from one problem to another without having the time to solve problems effectively. They often deal with symptoms but fail to address the root causes of the problem. Fire fighting arises because of a) weaknesses in individual problem-solving skills, b) dysfunctional team dynamics and c) systems problems within the organization. This study explores chronic crisis management in Malaysia by surveying the perception of 150 Malay managers using an instrument derived from the literature. By and large, the data confirms the literature review. The implications for management from an Islamic perspective (MIP) are discussed. In particular, this author speculates that MIP can help develop a better organizational culture and a process-orientated management approach. Both would help prevent fire fighting in organizations.

JEL classification: M10, M14, Z12

Key words: Management from an Islamic perspective, Crisis management, Process-orientated, Result-orientated, Malaysia

1. INTRODUCTION

This author has been interested in organizational change and management from an Islamic perspective for some time. Much progress has been made in the theoretical foundation of management from an Islamic perspective (Khaliq and Fontaine, 2011, Osman-Gani and Sarif, 2011). Generally, there are few empirical studies that allow researchers to state the current practices in organizations managed by Muslims in Malaysia. As all Malays are (technically) Muslims, this author looked for a topic that would help to improve the understanding of Malay organizations in Malaysia. Kotter (1990) says that the central feature of the modern organization is interdependence. Most employees are, "tied to many others by their work, technology, management systems and hierarchies." Due to these complex interdependencies, Bohn (2000) found that many organizations in the United States are in a state of chronic crisis management. This author decided to explore how prevalent chronic crisis management was in Malaysia. Thus, the aim of this research is to understand chronic crisis management by getting the perception of Malay managers in Malaysia. For practical reasons, the scope of this research is on private commercial organizations. This research is an exploratory study.

2. SIGNIFICANCE OF THE STUDY

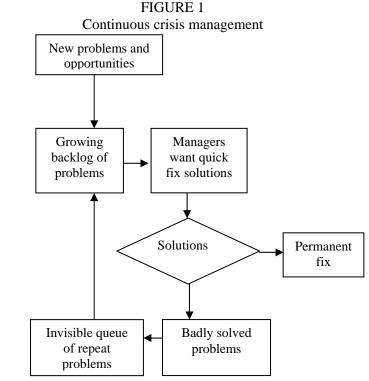
Jabnoun (1994, p. 3) observes that Management from an Islamic Perspective (MIP) is not only concerned with what is lawful and what is prohibited but with problem solving and better allocation of resources. As a discipline, MIP will gain credibility by first allowing Muslims to better understand their roles as Muslims and employees. Second, scholars of MIP must propose concrete and practical solutions to the problems employees face at work. With these thoughts in mind, there are two possible ways of looking at organizations. One way is to assume that organizations are generally well managed and that any crisis is simply the fault of an individual or a group of individuals within the organization. A second way is to assume that organizations are generally mismanaged and that that they are almost continuously in a state of crisis despite the efforts of well-intentioned individuals within the system. This would happen because the whole enterprise is based on a flawed mindset, such as competition among employees instead of cooperation. This author wanted to first establish which 'picture' of the organization is the

most common among Malay Muslim organizations today. This would give us an idea of the actual problems that need to be addressed in Malaysian companies. The second stage – which would be the focus on another research – would be to highlight how MIP can help managers and employees to become more efficient and effective at work.

3. LITERATURE REVIEW

By right, crisis management should be the exception, not the rule. Yet Bohn (2000) found that firms are often in a state of chronic fire fighting and refers to this as "fire fighting". Fire fighting is a metaphor that describes a reactive style of management and a situation in an organization where there are more problems than people to solve such problems. As such, unsolved problems go in a queue. The longer the queue of unsolved problems, the more pressure there is for people to solve problems quickly. The more people solve problems quickly, the more likely that they will not find a permanent fix to the problem. Instead, they find a quick fix that does not resolve the problem. Instead, the problem disappears for some time until it reappears later. This vicious process is shown in Figure 1.

There are individual reasons, team-related reasons and organizational reasons for fire fighting. However, Bohn (2000) notes that some organizations deal with as many problems as others but they never slip into fire fighting mode. In other words, it is possible to build an organization where there is no fire fighting. Fire fighting is therefore not inevitable but a symptom of poor management. Bohn (2000, p.84) explains that in successful organizations, "there are strong problem-solving cultures. They don't tackle a problem unless they are committed to finding its root cause and finding a valid solution. They perform triage. They set realistic deadlines. Perhaps more important, they don't reward fire fighting." By surveying the literature, this author was able to identify a number of factors to better understand the phenomenon of fire fighting.



Source: Bohn (2000)

3.1 INDIVIDUAL REASONS FOR FIRE FIGHTING

Fontaine (2008) observes that there are differences between tame problems and wicked problems. Tame problems are easy to define and one can find solutions that make the problem disappear. Wicked problems are hard to define and the problem can never truly be resolved but simply gets easier or worse. Most management problems are wicked problems (Fontaine, 2008a). Nutt (2004) says that managers have a success rate of about 50% when it comes to decision-making. Nutt (2004) found three common mistakes. The first is the psychological desire to act swiftly. Nutt (2004) estimates that "only one decision in ten is urgent and only one in a hundred is really a crisis." The desire to act swiftly has more to deal with the perception that decisiveness is a sign of competency. Unfortunately, such swift action often leads to poor decisions. A second common mistake is to rely on self-serving ideas rather than investigating problems in depth. A third common mistake is the tendency to

concentrate on only one option and not to investigate alternative options. The common perception is that insufficient time leads individuals to stay silent. Perlow and Williams (2003) argue that in today's fast-paced environment, many employees are choosing to stay silent even though they know that proposed solutions won't work because there is no time to address issues properly.

3.2 TEAM-RELATED REASONS FOR FIRE FIGHTING

Individuals in organizations, however, rarely work alone. They generally are members of a team. Lapre and Van Wassenhove (2002) argue that teams develop two kinds of learning. Conceptual learning is when teams understanding the cause and effect underlying a problem. Operational learning is when teams implement a theory. They argue that fire fighting occurs because there is low conceptual learning and low operational learning (see Table 1). Lapre and Van Wassenhove (2002, p.110) give an example of low conceptual learning in a firm they researched. They report,

"The team introduced several changes at once. These measures appeared to pay off as welding fractures dropped by 67% indicating a high level of operational learning. Yet the team did not know which of the various actions had contributed to the result or why. The team did not understand why the solution worked so it was unable to apply the lessons broadly."

It seems that perceived time pressure is often the key. In organizations where fire fighting is the norm, there is not enough time so that a systematic and scientific process for learning is not used to validate solutions. Thus, invalid solutions become "problems waiting to reappear." In regards to teams, it seems that the best practice is to train an entire team, not just one or two members. Prokesch (2009) reports that General Electric frequently sends entire teams of managers to attend its development programmes. Sending a whole team to attend the same development programmes allows the team to develop a 'shared vocabulary' that enhances internal communication.

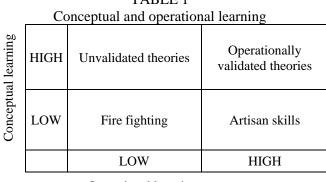


TABLE 1

Operational learning

Source: Lapre and Van Wassenhove (2002)

3.3 ORGANIZATIONAL REASONS FOR FIRE FIGHTING

Not surprisingly, the most powerful influence on fire fighting comes from the organizational system. This author defines an organizational system as "the policies, processes and corporate culture that facilitate change inside an organization." There is a vast literature on this subject so it is not realistic to do a comprehensive review. Four studies will be highlighted.

First, Neilson, Pasternack and Van Nuys (2005) report on a global on-line survey conducted by management consulting firm Booz Allen Hamilton. With 30,000 respondents in 760 firms around the world, this study yields many insights. In particular, "(most) organizations are not made up of hostile or perverse individuals. It is a place where well-intentioned people are the victims of flawed processes and policies." Neilson, Pasternack and Van Nuys (2005, p. 86) say that there is often a misalignment between incentives, decision rights, information and organization structure which conspire to freeze initiatives. Generally, organizations start as healthy organizations but become dysfunctional as "well intended but badly implemented organizational changes layered one upon the other" (Neilson, Pasternack and Van Nuys, p. 88).

Second, Beer, Eisenstat and Spector (1990) argue that most top-down change management programmes are flawed because they focus on trying to change employees' attitudes. They say that bottom-up change is more effective because changes in employees' roles in the organization are more likely to shape a new behaviour. As task alignment is easier to do in small units, "the chief problem for corporate change is how to promote task-aligned change across

many units" (Beer, Eisenstat and Spector, 1990). In some organizations, employees that use their own initiative are punished by their peers or their supervisor.

Third, Goldratt and Cox (1984) argue that firms can opt for 'local measures of performance' or 'global measures of performance'. Local measures of performance focus on parts of the system (e.g. functional department). Global measures of performance focus on the performance of the system overall. Goldratt and Cox (1984) think that too many organizations use a reductionist approach to measuring corporate performance that leads to corporate inefficiency. More importantly, changing the indicators of performance is a very powerful way to initiate organizational change. Goldratt and Cox (1984) believe that many individuals don't really understand the goal that their organization is trying to pursue.

Fourth, Drucker (1994) argues that in every organization, senior managers develop a theory of how their business works. Successful businesses are built because the theory of the business coincides with the reality of the marketplace. However, many firms get into trouble when the dynamics of the market change significantly while the theory of the business goes unchallenged. Deming (1994) makes a similar argument. Deming, whose fame was established when he helped the Japanese reconstruct their economy after the Second World War, argues that a successful business can only be built on providing consumers with quality products. Deming was opposed to the attitude that many organizations have to produce products at a minimum amount of quality that is acceptable to the consumer. Using Drucker's expression, Deming argued that companies get into fire fighting mode because they have an incorrect theory of the business in so far as they fail to see the pivotal role of quality. Japanese authors, such as Imai (1991) would argue that western businesses are too result-orientated. Japanese business leaders, on the other hand, are more process-orientated. Japanese business leaders, in general, prefer to focus on developing the right processes and continuously improving these processes through a continuous improvement cycle. The whole philosophy of management at Toyota, for example, is based on the ability of factory workers to stop the whole assembly line when a quality defect is found and going through a systematic and detailed problem solving procedure to ensure that this problem does not reoccur. The reoccurrence of problems is what characterises fire fighting.

4. METHODOLOGY

This author developed a survey based on the literature review. Through a process of trial and error, two version of this survey was developed. The first version contained 13 questions and used a 5 point Likert scale. The scale ranged from 'agree' (5) to 'disagree' (1). This author tested this survey with a number of postgraduate students that were working and amended the wording accordingly. Four questions related to the praying habits of Muslim managers were removed because the results were unreliable. Six postgraduate students were hired as research assistants. They were asked to survey a number of geographical locations in the Klang Valley. Although an instrument was developed, the research assistants were told to filter respondents to only include Malay respondents working in Malay organizations. As much as possible, respondents tried to find managers although some non-managers with extensive experience were included in the sample. Respondents worked in various industries including education, oil and gas, telecommunication, electricity, distribution, software development, shipping, real estate, automobile, food and beverage, tourism, chemical and contract manufacturing. About half of respondents were from large organizations (more than 500 employees) while the rest came from average-size organizations (between 101 and 500 employees) and small organizations (less than 100 employees). A total of 48 respondents answered to the first version of the questionnaire. In the second version, the questions related to the praying habits were removed. Instead, three additional questions were added ("most people in my organization resist change", "many teams in my organization do not function as smoothly as they should" and "some of the policies in my organization make it difficult for people to be effective"). The same Likert scale was used and the same methodology to find respondents was used. Another 102 respondents answered in the second round of data collection. The Cronbach Alpha was 0.682. Although slightly lower than the 0.70 cut-off point. the Cronbach alpha is so close so that one may argue that the instrument is valid.

5. DATA ANALYSIS

Table 2 summarizes the findings of the data. For the first 9 questions, the data reflects the answers of 150 respondents. There were only 102 respondents for the last three questions. For convenience, the findings are ranked in order of importance. Several conclusions seem pertinent.

First, fire fighting is a normal occurrence in Malay organizations, both large and small. It has both the highest mean (4.13 out of 5) and the lowest standard deviation (1.06), implying that fire fighting is experienced by almost everybody. In many ways, the degree of fire fighting indicates a corporate culture based on dealing with problems reactively, not proactively. Generally, fire fighting happens because the nature of the problem is not well understood or the implications of the solutions are not well understood. This observation should not be taken negatively. Fire fighting is also prevalent in most western organizations and reflects the complex interdependencies that characterise modern organizations. Fontaine (2008b, p.165) notes that Muslim managers have a moral responsibility to become proficient in problem solving to minimize fire fighting.

Second, the problem of local measures of performance (Goldratt and Cox, 1984) seems to be equally universal. This item scores 4.08 out of 5 although the standard deviation is the second lowest (1.22). Local measures of performance encourage managers to focus on their own little world. Global measures of performance force managers to consider the organization as a whole. This result probably goes back to whether the key performance indicators (KPIs) that have been set by top management develop a fire fighting culture. To pre-empt a point that will be raised in the discussion, the top management can set KPIs that emphasises financial performance or they can set KPIs that encourage learning and process improvement. From the literature, this author argues that organizational learning and process improvements are critical to avoiding fire fighting.

Third, the issue of dependency between employees is obviously important. This issue has been well discussed in the literature. The implications for improving the management of Muslim organizations are very exciting. Goldratt and Cox (1984), for example, argue that the productivity of most organizations can be

TABLE 2Results from the survey

Question	Average	Standard Deviation
Fire fighting in my organization is normal	4.13	1.06
In my organization, we are assessed on local measures of performance	4.08	1.22
To do my work, I depend on other people to do their part	3.74	1.44
In my organization, the responsibility for change is given to teams, not individuals	3.72	1.39
Some of the policies in my organization make it difficult for people to be effective	3.69	1.28
Many teams in my organization do not function as smoothly as they should	3.38	1.31
My organization only allows top down change	3.36	1.39
Most people in my organization resist change	3.22	1.36
People in my organization are expected to stay silent	2.97	1.42
In my organization, many people don't know what their goal is	2.89	1.48
If I use my initiative to start bottom up change, I will be punished by others	2.74	1.31
In my organization, there is not enough time to think about doing things properly	2.76	1.39

substantially improved if managers went through a five step continuous improvement process:

- Identify the constraints in the system;
- Elevate the constraints in the system;
- Subordinate everything to the system;
- Exploit the constraints in the system; and
- Don't let inertia set in, go back to the first step

Lepore and Cohen (1999) explore how Goldratt's and Deming's ideas merge. They highlight the importance of developing the right measurement system is.

On ineffective policies, Goldratt and Cox (1984) argue that many organizations have implemented policies that are counterproductive. The relatively low score to the question of policies seems to indicate that many respondents might not be aware that fire fighting might simply be a symptom of inappropriate policies. This seems reasonable as the 'local measures of performance vs. global measures of performance' issue is one of the typical policies that Goldratt and Cox (1984) say leads to fire fighting.

The other scores indicate that different organizations have different practices. In some organizations, silence is a must and only top-down change is allowed. In other organizations, people are encouraged to voice out their opinions and personal initiatives are encouraged. Nonetheless, the data seems to indicate that individuals have time to think, that many people do not resist change and that they do not fear to be punished if they take an initiative.

6. DISCUSSION

The first observation is that this author has only been able to collect data from 150 respondents. Although that is statistically more than sufficient for statistical purposes, it does seem somewhat insufficient for any generalisation. This author will continue his data collection by modifying the questionnaire to include additional questions that arose from the first rounds of data collection. Second, when looking at the problem of fire fighting, there are two approaches that are possible. One approach is to say that the problem is specific to a few poorly managed organizations. This contradicts the data that has been collected. Although the number of respondents is a bit on the small side, most respondents come from different companies and from different industries. In general, most managers report of being in a chronic state of crisis management. Fire fighting seems to be one of the most predictable descriptions of organizations in Malaysia today. A second approach is to see fire fighting as a symptom of a deeper problem; of something more fundamental that needs to be changed.

When reviewing the literature, it is fascinating to compare the arguments put forward by Americans and by Japanese scholars. For example, Imai (1991) argues that American management tends to be result-orientated whereas Japanese management tends to be process-orientated. Let us look at these two concepts from an Islamic perspective;

- a) Result-orientated management means to hold people accountable for the end result, irrespective of whether the work was done with due diligence or followed the processes that management has agreed to.
- b) Process-orientated management means to hold people accountable for doing the work with due diligence and following the proper processes in a manner that the management has agreed to

Aguayo (1991) argues that American management is very result-orientated. As a consequence of that orientation, managers are tempted to come up with short-term solutions like cutting costs that have long-term negative implications of such strategies are ignored. With a process-orientated management style, the focus is on developing long-term solutions that will provide long-term results. The key is to focus on identifying and mastering the process, standardizing the process and then improving it. Imai (1991) says that Japanese managers spend a lot of effort ensuring discipline. He defines discipline as meaning that every worker knows the process and abides it, without exception. Imai (1991) gives the example of his horror when he visited a factory in the United States. This was a chemical plant and there were "no smoking" signs everywhere; nonetheless the manager smoked a cigarette in front of them. Compare that with the example from Toyota in North America. An American senior manager in Toyota said,

"For Toyota, how you arrive at the decision is just as important as the quality of the decision. Taking the time and effort to do it right is mandatory. In fact, management will forgive a decision that does not work our as expected if the process used was the right one. A decision that by chance works out well but was based on a shortcut process is more likely to lead to a reprimand." (Liker, 2004, p.239)

Liker (2004, p.128) explains that one of the challenges of Toyota in the United States was building a culture where people would stop the production line to get the quality right the first time. He observed that "the management of Toyota [in Japan] does not criticize [American managers in Toyota] if the production targets are not met 100% but they want to know whether they have found the root cause of the problem so it will not repeat itself" (p.128). Once problems have been solved at their root cause, Toyota systematically informs everybody of the problem and the appropriate countermeasure. Liker (2004, p. 256) says that "the key to Toyota's success is that after every problem is solved to its root, the solution becomes standardized inside the whole organization." This approach seems very critical to avoid fire fighting.

7. IMPLICATIONS

At the beginning of this study, this author highlighted that management from an Islamic perspective (MIP) should not only be concerned with developing a theoretical understanding of MIP but also solve real, everyday problems that managers have to contend with. Arguably, one of the most pernicious and chronic problem is this constant state of crisis management reported by Malay managers. The point is that this state of chronic crisis management is a global problem. It can be found in organizations around the world. Two questions arise: how can one avoid such chronic crisis management and how will MIP contribute to resolving this state?

Two points seem to be clear. One is that strong leadership is required. The top leadership needs to look at issues related to how performance is measured, processes, policies, the structure of the organization, the flow of information and so forth. These elements are the bread and butter of conventional management. They are very important and should not be ignored. Comparatively, Muslim others have little to add on these issues except to emphasise that the organization should comply with Islamic law (the *shariah*). Second, the culture in the organization must not reward managers and employees who are involved in fire fighting. This is an area where MIP scholars have a lot to contribute. Indeed, the whole idea of fire fighting (as far as organizational science is concerned) is alien to Islam. The Prophet (SAW) said,

"A believer does not allow himself to be stung twice from one [and the same] perpetrator" (Bukhari)

This hadith is very significant. Repeating mistakes (what the Prophet SAW described as being stung twice by the same perpetrator) is not simply a sign of lack of wisdom. It is a sign of lack of faith. The implication is that one is not a true believer. This author hypothesises that MIP's contribution to corporate Malaysia is to help build positive organizational cultures. Organizational cultures where individuals do not look for quick-fix solutions but they focus on finding permanent solutions. Individuals will do so not simply because of the rewards and punishment that the organization has created but they will do so because they will see this as a moral obligation. They will see this as part of their faith. Similarly, when fire fighting does occur, they will prevent it from spreading because they understand the *hadith* quoted above and they take it seriously. As this author writes these lines, this author is aware of various research projects related to MIP. One of the most promising projects is to investigate the link between God-consciousness (taqwa) and organizational commitment. If Muslim employees have more *taqwa*, the assumption is that they will have a higher commitment to the organization and presumably they will do their level best to reduce the amount of fire fighting in the organizations.

One area of research which MIP scholars need to address is the difference between result-orientated management and processorientated management. Should Muslim employees focus on improving the result? Should Muslim employees focus on improving the process with the understanding that once processes are fixed, positive results will probably occur? Consider the sound (*hasan*) *hadith* related by al Tirmizi who reported that a Bedouin came to the Prophet and asked: should I tie [my camel] it up and then rely on Allah or just rely on Allah without tying it up? The Prophet (saw) replied: tie it up and then rely on Allah". Trying to conceptualise the difference between process-orientated management and resultorientated management, this author developed Table 3.

Belief system	Process	Outcome	Ability for man to learn
Fatalism	God is in control	God is in control	No
Islam	Man is in control	God is in control	Yes
Atheism	Man is in control	Man is in control	Yes

TABLE 3 Islam, fatalism and atheism

As Table 3 implies, it seems that from an Islamic perspective, it is better to be more process-orientated and leave the final result to Allah. This author believes that achieving a consensus of Muslim scholars on this question will have numerous ramifications for how MIP develops as a discipline. Personally, this author is of the opinion that MIP scholars should encourage a process-orientated style of management. One reason is that it seems more consistent with Table 3. A second reason is that organizations that have been successful at avoiding chronic crisis management tended to have focused their attention at continuously improving their business processes.

8. CONCLUSIONS

In this study, this author has shown that many Malay managers perceive that there is a chronic state of crisis management - what Bohn (2000) called 'fire fighting' – in their respective organizations. By and large, in this exploratory study, this fire fighting covers many private organizations in many sectors of industry. Fire fighting seems to occur due to organizational weaknesses - especially the current methods used to measure performance - rather than any problem related to employees per se. On another level, MIP scholars can contribute to the country's overall competitiveness by finding practical ways for organizations to combat fire fighting. One interesting avenue is the link between the Islamic belief system and organizational commitment. The assumption is that Muslims who have taqwa are more likely to initiate fire fighting measures or prevent the fire from spreading more successfully. Another point that requires further investigation is whether Islam encourages a processorientated management approach or a result-orientated management approach. This author assumes that a process-orientated approach will help increase success in fire fighting in organizations.

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