



Talk on “Determinants of Organisational Performance” by Ir. Chew Weng Yuen

Ir. Chew Weng Yuen is currently a co-opted member in the Engineering Education Technical Division (E2TD).

The Engineering Education Technical Division had co-organized a talk entitled “Determinants of Organizational Performance” with Engineers Australia Malaysia Chapter, and the Institution of Mechanical Engineers Malaysia Branch, on 22nd August 2017, at Wisma IEM. The talk was delivered by Ir. Dr Ling Chen Hoe who is currently the Senior General Manager and Director of Meiden Malaysia.

There were 35 participants in the talk, and Ir. Dr Ling commenced by giving examples of organizational performance and explained what they represent. It refers to how well an organization performed *vis-à-vis* its vision, mission, and goals. Ir. Dr Ling further commented that it is crucial for organizations to know how they are performing and to figure out what strategic changes that need to be made to improve their performance. Two important considerations are (a) performance measures, and (b) performance referents. Performance measures such as profits, stock prices, and sales are normally used to gauge how organizations are competing in the market, whereas performance referent is a benchmark that organizations used to make sense of their standing along a performance measure for example, a dropped in profit over the previous years is definitely a cause for concern for all organizations.



Ir. Dr Ling Chen Hoe discussing a topic during his talk on Determinants of Organizational Performance.

Ir. Dr Ling then proceeded to discuss about organizational goal, objectives, and strategy. There was a brief discussion on Porter's 5 forces model whereby it outlined the five factors that may affect an organization's performance, namely, the threat of competitive rivalry; threat of substitutions; threat of new competitors; bargaining power of customers; and bargaining power of suppliers. Porter's three principles of underlying strategy which comprised of creating a "*unique and valuable market position*", *making trade-offs* by choosing the things to do and what not to do, and creating "fit" by aligning a company's activities to support the chosen strategy were also discussed.

Ir. Dr Ling next mentioned on the effect of culture and structure on organizational performance. It was stated that a strong organizational culture has been considered as a driving force to improve organizational performance. This is because the assumptions and beliefs of employees drive behavior, and the collective behavior of employees determines results, which in turn measure performance and indicate if strategic business objectives have been achieved. The strategies for strengthening organizational culture were also being discussed before Ir. Dr Ling proceeded to examine the effect of organizational structure on corporate performance. Organizational structure defines the chain of command and authoritative responsibilities of an organization and it can be generally classified into Mechanistic and Organic structures. Mechanistic structure is hierarchical, bureaucratic, and rigid whereas an organic structure is flat, horizontal, and flexible. The choice of adopting an appropriate organizational structure depends upon the conditions in which an organization is operating in. One that is operating in a stable environment would be different from those that are operating in a dynamic one.

Ir. Dr Ling next discussed the effect of people on organizational performance. It is imperative that organization invests in people management as people are a company's greatest asset. The four tenets of people management; *performance management, learning and career development, retention and succession, and recruitment management* were illustrated and discussed.

The various motivational theories were then briefly introduced to the participants. *Content* theories which encompassed *Maslow's Hierarchy of Needs* as well as *Herzberg's 2-Factor-Theory* were discussed together with *Process* theories that include *Vroom's Expectancy Theory*, and *Adam's Equity Theory*. The various bases of power such as *coercive, connection, reward, legitimate, referent, information, and expert power* were also highlighted to illustrate both organizational and personal power and its ability to influence others.

Ir. Dr Ling next explained the importance of identifying sustainable competitive advantage for an organization. The *Red Ocean* versus the *Blue Ocean* strategies were briefly explained, and the drivers of innovation were also discussed. It was stated that competition is the key driver for the search for a way of doing things better. It was also mentioned that innovation unites two distinct processes namely, invention, and entrepreneurship. Ir. Dr Ling then discussed about the elements of value, the concept and drivers of value creation, and the value creation process.

The next topic that was being discussed was change management. The numerous forces for change namely, the nature of the workforce, technology, economic shocks, competition, social trends, and world politics were listed to the participants. *Kotter's Theory of Managing Change* was also presented. The sources of resistance to change, and the methods for dealing with and overcoming the resistance to change were vividly illustrated.

The importance of critical thinking skill was next discussed. It was mentioned that critical thinking is listed as one of the top 10 skills listed in the *Future of Jobs Report* in the World Economic Forum (January 2016) that are essential and will have an impact on organizational performance.

Sustainability was another area that was discussed. It was stated that for any organization, true sustainability requires more than just a solid financial strategy. Two other factors that are crucial to sustainability are strong governance and value proposition. The above mentioned three factors formed the constituents of the Sustainability Formula.

Ir. Dr Ling concluded the talk by stating that there are many factors (both internal and external) that can affect an organization's performance. Organizations that are adaptive, able to motivate and engage their employees and act proactively in their strategies, in response to both internal and external factors is crucial for organizational performance.