



**STRATEGIC DECISION FOR CONTRACT RENEWAL: CASE STUDY AT A
MALAYSIAN COMPANY**



by:

Nakhiiran Rajendra Prasath
902108

Submitted to:

Dr Francis Chuah Chin Wei

In partial requirement of
BUSINESS CONSULTATION (BDMX8023)

Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 Sintok, Kedah Darul Aman

April 2019



**OTHMAN YEOP ABDULLAH GRADUATE SCHOOL OF BUSINESS
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**STRATEGIC DECISION FOR CONTRACT RENEWAL: CASE STUDY AT A MALAYSIAN
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EXECUTIVE SUMMARY

Resistance is defined as all actions taken to maintain status quo whenever there is a demand to change the status quo. Resistance has been identified as a crucial factor that can lead to the triumph or failure of any sort of change. Past research however show that resistance to change, if any, is not really caused by the change itself, instead it is the uncertainties or possible aftermaths that may happen when the change is implemented. Therefore, the resistance to change is not really the issue to be resolved rather resistance is usually an indication of problems that may arise in a specific scenario caused by the change. Resistance can therefore be used as a guide to identify and understand attributes of the proposed change that may not be suitable or implications that have not been properly thought through. The protagonist in this case study, Karim faces possible resistance from his management at his company, Telekom Malaysia Berhad. The resistance to change arises when Karim attempts to obtain approval to renew a job scheduler software license contract. The vendor has agreed to maintain the price as per previous contract however there is a catch which is Karim's company would have to renew the contract for a duration of $n+2$ years. This contradicts with the usual practice at Karim's company, whereby software contracts are only renewed for n years.

ACKNOWLEDGEMENT

First and foremost, I am grateful to God, the most gracious and merciful, for allowing me to complete my Business Consultation successfully. Without His blessings, I would not be where I am today.

I would like to express my thanks to my mentor, Dr Francis Chuah Chin Wei for his guidance and advice. His words of encouragement has motivated me to do better. I am also grateful to my lecturer, Professor Dr Nor Azila Mohd Noor, for lessons learned. But, most of all, I am overwhelmed by my colleagues and family for their endless assistance and support in helping me complete this project.

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1.0 Case Objectives

After discussing this case, students should be able to:

1. Identify the possible sources of resistance to change.
2. Analyse the underlying reasons that are fuelling the sources to resist the change.
3. Analyse the push and pull factors to the changes.
4. Articulate the justification for the need of the change to be implemented.

2.0 Introduction

Karim had just reached his office desk on a Tuesday morning. The clock that was on his desk showed 8a.m. Karim pulled out his laptop from his bag and placed it right at the centre of the desk and presses the start button to start it. He took a seat on his chair and within five minutes, he was scrolling down the list of emails he had received. One email immediately caught his eyes. It was from Johan, the sales representative from Company XY. Before opening the email, Karim whispered a soft prayer hoping that Johan will oblige to the request he had previously made.

Dear Karim,

After having an internal discussion with my superior, he has agreed to your request of maintaining the license subscription cost per unit as per the previous contract with one condition; your team has to agree to a contract renewal duration of an additional two years compared to the duration of the previous contract, i.e. say the previous contract was for a duration of n years, the new contract should be for a duration of $n + 2$ years. If your team disagrees with the condition, the license subscription cost per unit will be as per the quotation submitted last week. Thank you.

*Regards,
Johan*

Karim was not sure whether he should be happy or unhappy with what Johan had written in the email. On one end, Johan had obliged to his request in terms of the price reduction. On the other hand, Johan has added a new condition, a contract renewal with a longer duration compared to the previous contract. He knew it would be challenging to sell this idea to his management as he knows that his company has a practice of not making new contracts or renewing existing contracts for IT software tools or licenses for a duration exceeding n years. This practice was to safeguard themselves from being locked down with one specific vendor for a long period of time as well as to have the liberty or option of moving to a new software tool or license that may offer similar or more functionalities at a more competitive price. Karim was slightly demotivated as he had already presented his proposal during the Management

Committee Meeting for the renewal of the job scheduler software license contract last week. Despite getting positive feedback for the product as well as the vendor, his proposal was rejected purely on the basis that the price per unit license had increased significantly; around 37% increase compared to the previous contract. The committee was under the impression that the price offered should be more competitive as they have been customers to the vendor for a very long period of time.

Karim started to wonder whether the Management will be willing to break away from the usual practice of renewing contracts for durations not exceeding n years if the price is right. Even if they were willing to break away from the usual practice, will Procurement team intervene in the matter? Karim was getting more and more conflicted. If the Management team does not agree with the longer contract duration, his proposal will be rejected for the second time and thus further delay the license renewal process. The previous contract was going to expire soon and the vendor has the right to deactivate the licenses once the contract expires. If that happens, it will be a huge impact on the company's business operations as the software is used to schedule critical batch job processing. Karim was getting more and more anxious wondering what his management will decide when he presents his proposal the second time at the next Management Committee Meeting.

3.0 Background of the Company

Telekom Malaysia Berhad (TM) engages in the establishment, maintenance and provision of telecommunications and related services in Malaysia and globally. It operates through unifi, TM ONE, TM Global and Shared Services/Other segments.

The company offers a myriad of communication services and solutions in fixed telephony and broadband, mobility, content, Wi-Fi and smart services. It also provides network connectivity and bandwidth; project management; fibre optic transmission network; managed network and value added telecommunication and information technology; information and communications technology; cloud consumption; and transmission of voice and data services, as well as develops and sells software products. Additionally, the company involves in the provision of research and development activities in the areas of communications, hi-tech applications and products and services in related business; management of customer care services; trading of customer premises telecommunication equipment; property development activities; content and application development for Internet services.

Further, it provides printed and online telephone directories services; multi-platform solutions for advertising; broadband network infrastructure facilities and services; and managed network, network system integration, fleet management and smart building services, as well as training and related services. Additionally, the company develops, operates and provides intelligent building systems and security, integrated telecommunications and information technology solutions; and provides managed contact centre, information technology and application services, as well as manages a private university known as Multimedia University Sdn. Bhd.

It serves approximately 2.3 million broadband customers, including approximately 1.1 million unifi customers. The company was incorporated in 1984 and is headquartered in Kuala Lumpur, Malaysia.

3.1 Market Share, EBITDA & Dividend Pay-out of the Players in the Malaysian Telecommunications Industry

In the year 2017, Malaysia's local telecommunications sector revenue showed a marginal decline of 0.03% to RM 34.65 billion compared to the previous year whereby the total revenue was RM 34.66 billion. The decline was a result of decreased revenue achieved by mobile service providers (Celcom, Maxis, Digi), which collectively decreased by 0.6% to RM 21.7 billion in 2017 compared to RM 21.83 billion in 2016. The revenue of mobile service providers was affected as a result of intense competition amongst the service provider whereby each of them offered cheaper packages to attract or retain customers. This effort has benefited consumers, who are spoilt for choice, enabling them to choose from a variety of affordable and data-rich packages. The service providers were willing to spend more on promotion and discounted packages. In short, 62% of the total telecommunications sector revenue is accounted for by the mobile service providers.

On the other hand, fixed service providers (TM and TIME) managed to grow their revenue by 0.9% to RM 12.95 billion in 2017 compared to RM 12.83 billion in 2016. This increase in the revenue of fixed service providers can be attributed to higher take up rate in fibre connections, catalysed by the growing fibre network coverage supported by the Government's High Speed Broadband (HSBB) initiatives. Further, service providers also carried out doubling the speed on fixed broadband initiatives in conjunction with the Government's announcement during Budget 2017. This has led to the fixed broadband subscriptions growth hence leading to a growth in revenue.

The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) margin for the fixed service providers in 2017 averaged at 33%. This was lower compared to 2016, which was at 35%, due to higher costs incurred for network expansion and maintenance. Specifically, TM posted EBITDA margin of 30% whereas for TIME, it was 35%.

The dividend pay-out for the telecommunication sector in 2017 was RM4.69 billion, which was a reduction of 3.1% from RM 4.84 billion in 2016. This reflects the relatively lower distributive profit of RM 5.91 billion in 2017 compared to RM 6.16 billion in 2016. Lower dividend pay-out was also due to strategy of reserving cash for investments and expansion in line with new technological developments. Telecommunications sector profits has been declining, between years 2015, 2016 and 2017, with an averaging decline of 6%. This is a by-product of rising operation costs and foreign exchange losses.

Overall in 2017, most telecommunications companies have been paying similar level of dividends whilst some companies have reduced their dividends.

The dividend pay-out in value for Digi and TIME reduced by 10.4% and 44.4% respectively to RM1.46 billion and RM100 million due to lower profitability recorded

during the year. Digi's net profit was lower as a result of increase in finance costs, spectrum amortization expenses, inclusion of one-off settlement costs and exit fee for the termination of IT infrastructure and support services with Telenor companies. Nevertheless, Digi was still paying out close to 100% of its profits in years 2015, 2016 and 2017. TIME recorded a lower profit due to inability to secure one-off gains on disposal of its shares in Digi as well as investments in Singapore-based Campana Group, costlier subscriber acquisition costs and maintenance costs incurred for submarine cables.

Maxis however, maintained its profitability relatively well whereby its net profits for years 2015, 2016 and 2017 has been averaging around RM 2 billion. Maxis also continued to review its dividend pay-out to below 100% and stopped borrowing to pay dividends since 2015. This therefore allows more sustainable cash flow retention for infrastructure expansion purposes.

Axiata's company dividend pay-out increased 6.9% to RM 0.77 billion in 2017 from RM 0.72 billion in 2016. This came after a dividend cut back in 2016 of more than 50% compared to 2015 for infrastructure development and spectrum investment. TM on the other hand maintained a 90% level of pay-out ratio for the years 2015, 2016 and 2017 due to steady net profits generated. The ability to sustain dividends is fuelled by the strategy and earnings of the company. Most companies in the telecommunications sectors in other countries too have lowered their dividend pay-out ratio in 2017 compared to 2016. Malaysia's telecommunication companies have been able to retain their dividend pay out to net profits range between 50% - 100%.

3.2 Company Organization Structure

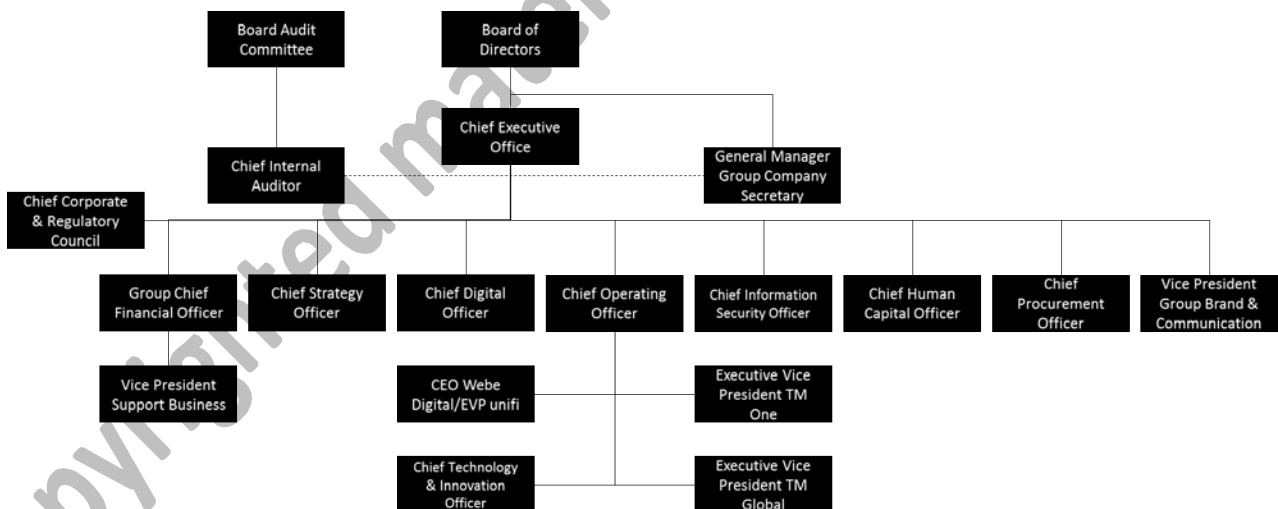


Figure 1: Management Organization Structure

3.3 Company's Vision, Mission, Purpose & Values

Vision: To make life and business easier, for a better Malaysia.

Purpose: To keep people connected in more ways than one.

Values:

- Total commitment to Customers
- Uncompromising Integrity
- Respect & care

Mission:

Deliver life made easy:

- To customers, through converged lifestyle communication experiences.
- To businesses, by collaborating with and supporting them with integrated solutions.
- To the nation, by supporting socio-economic development through education, innovation and social initiatives.

4.0 Business Issues/Challenges

4.1 Initial Assignment of Task

Karim was hired as an executive in TM in the year 2013. It was his first job. He had served in the IT planning unit for the past 4 years. He reports to Kamal. Kamal was in charge of ensuring that all IT contracts in TM that were going to expire, be renewed if necessary before the expiration of the contract. If a contract required renewal, Kamal assigned the contract renewal process initiation and proposal preparation to one of his three staffs. While doing his quarterly checking of all the IT contracts that were currently active, Kamal realised that the job scheduler software license contract was going to expire in the next six months. Kamal sent an email to Karim to notify him that he had been assigned to lead the contract renewal process for the job scheduler software license. The email read as below:

Dear Karim,

Based on my monthly IT contracts status tracking, there is one contract that will be expiring within the next 6 months, the Job Scheduler Software License Agreement. You may refer to the attachment to get more details of the previous contract to guide you. We are not restricted to renew the contract with the incumbent vendor. You may explore other job schedulers available in the market as well. You may get in touch with Lina, the Head of IT Operation. Her team uses the said software in their daily job and you will get a better idea of the purpose of the license. You will need to present this proposal to the Management Committee Meeting in 3 weeks' time. We need to hurry as any delay from our end will cause further delay to procurement of the software licenses. Kindly submit the first draft of the proposal to me by next Wednesday. Thank you.

*Regards,
Kamal*

4.2 Meeting with Operation Team

Upon getting the task to be in charge of the contract renewal proposal preparation for the job scheduler software licenses from his superior, Karim's first step was to meet the operation team who were using the software. Karim wanted to understand the function of the job scheduler and how it impacts TM's day-to-day business. The operation team that were using the job scheduler in their day-to-day job was led by Lina. Lina was a very helpful lady and was more than willing to share her knowledge with Karim. Lina has been with the operation team since the introduction of the job scheduler in TM; hence making her a very resourceful individual to provide input for Karim. Lina explained how the software worked and what the repercussions were if the software licenses were not renewed on time. Karim understood from his discussion with Lina that the job scheduler was crucial to ensure crucial batch jobs processing were completed on time with minimal human intervention and lower probability of batch job errors.

Based on the input provided by Kamal in his email, Karim also suggested to Lina the possibilities of using other job schedulers from other vendors in the market to perform the functions currently done by existing job scheduler if the price offered is more competitive in comparison to current vendor. Lina did not entirely object to the idea however she did raise a concern that it took around six months to completely map the various different jobs from different platforms for the existing job scheduler to completely function independently without job errors. She also highlighted that the personnel that was in charge of the doing the job mapping previously was no longer working in TM and that it would be a challenge to completely replicate the job mapping of the existing setup with few hiccups if a new job scheduler is procured and implemented. Aside to that, Lina also mentioned that the current vendor was very responsive to any problems TM faced and also visited TM twice every year as part of their preventive maintenance efforts. Lina also added that her staff will require training if a new job scheduler is introduced. Lina then expressed her concern that it will take time for her staff to completely get a grip of the new job scheduler and this may affect her team's productivity to deliver their task on time. Keeping Lina's feedback in mind, Karim decided not to propose the purchase of a different job scheduler in his proposal as time was not on his side. The current contract would expire in six months hence it would be risky to purchase a new job scheduler which may take six months to be correctly configured. Karim decided to propose that the existing type of job scheduler license is maintained and the contract to be renewed for a duration of n years, similar to the duration of the previous contract.

4.3 First Proposal Presentation

Karim contacted Johan, the sales representative from Company XY to get a quotation to renew the contract for another three years. Johan more than willingly obliged to Karim's request and provided the quotation to Karim within two days. When Karim received the quotation from Johan, he realized that there was an increase of 37% in the price of the job scheduler software licenses compared to the previous contract. The significant increase in the price made Karim wary as he was unsure of how the management will react to this. Karim met Kamal to explain the current situation to him. Based on the input provided by Karim with regards to the complexity of

proposing other cheaper alternative job scheduler software, Kamal agreed with Karim that the best moving forward for TM would be to maintain with existing job scheduler. Karim then prepared the proposal paper and presentation slides for the Management Committee Meeting after getting the green light from Kamal.

The proposal was then presented during the Management Committee Meeting. The Management Committee was made up of the IT Head, IT senior managers, one representative from Procurement and one representative from Finance. Based on Karim's proposal and justifications for the need to maintain the existing job scheduler to be used in TM, the committee was very much in favour of the renewal. However, the significant price increase was stopping them to give an unconditional approval. The representative from Finance was adamant that the price needs to be reduced before the purchase is approved. The Management Committee requested Karim to initiate a negotiation session with the vendor with a representative from Procurement to be present to further bring the price down. The committee requested Karim and Kamal to re-present the outcome of their negotiations with the vendor and provide an update in the next Management Committee sitting. Based on the update provided, the Management Committee will re-deliberate and decide whether or not an unconditional approval can be granted.

5.0 Case Analysis

When tough decisions are to be made, it is best to use an effective and structured decision making technique that will help to improve the quality of the decisions made as well as increase the chances of a positive outcome. One such technique is the Force Field Analysis. The Force Field Analysis was created by Kurt Lewis in the 1940s. Lewis initially applied this technique in his work as a social psychologist. However, in present times, this technique is employed to make go or no-go decisions in businesses. The underpinning idea for Force Field Analysis is that all situations are equilibriums between forces that catalyse change or forces that resist change. In short, in order for change to happen, the driving forces for the change to happen need to be strengthened whereas the forces that resist change need to be weakened. This technique is relatively effective in making better decisions because it allows for analysis of the forces for and against a change as well as helps in communicating the reasoning behind one's decision. The Force Field Analysis technique will be used to determine the best moving forward approach for TM with regards to the decision of whether to make changes to the practice of not making contracts exceeding n number of years.

Aside to the Force Field Analysis, there is a framework known as the McKinsey 7-S Framework which can be used to harmonize all the different parts of an organization by making sure that these various parts are in alignment and reinforce each other. This model was developed in the early 1980s by Robert Waterman and Tom Peter, both consultants employed at McKinsey and Company. The basis of this model is that there are seven internal aspects in an organization that should be aligned to ensure that it is successful. This model can be utilized in various circumstances where a re-alignment is required to assist in the following:

- Improve organization's performance
- Evaluate the possible impact of changes within an organization

- Realign departments and processes in the case of merger or acquisition
- Identify the best way to implement a proposed idea or strategy

There are seven elements or interrelated factors in the McKinsey 7-S model. These elements can be grouped as “hard” or “soft” elements. The hard elements include Strategy, Structure and Systems. The soft elements consist of Shared Values, Skills, Style and Staff.

The hard elements are generally easier to be defined and the management of the organization can influence them directly. These comprise of strategic decisions, organization charts or lines of reporting as well as documented processes and Information Technology (IT) systems.

On the other hand, soft elements tend to be more abstract and, it can be challenging to define them as they are not so tangible and tend to be more influenced by the culture of the organization. Nonetheless, the soft elements are as important as the hard elements in ensuring the success of the organization.

The figure below describes the interrelation of the different elements and implies how change in one element can affect the rest of the elements:

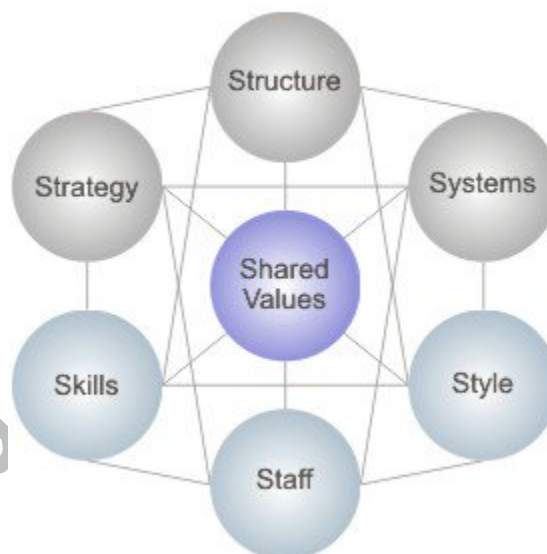


Figure 2: McKinsey 7S Model

Further description of each of the elements in the McKinsey 7S Model is as follows:

Strategy: the blueprint designed to retain and further drive the organization’s competitive advantage over its competition.

Structure: defines the reporting structure of the organization.

System: the day-to-day activities, processes and procedures that the staff undergo to ensure completion of their task.

Shared Values: this element was initially named “superordinate goals” when the model was first developed; these elements focus on the core values of the organization which can be deduced in the organization culture and work ethic.

Style: this elements focuses on the organization’s leadership style.

Staff: the work-force of the organization and their abilities/capabilities.

Skills: the actual skills and competencies of the staff working in the organization.

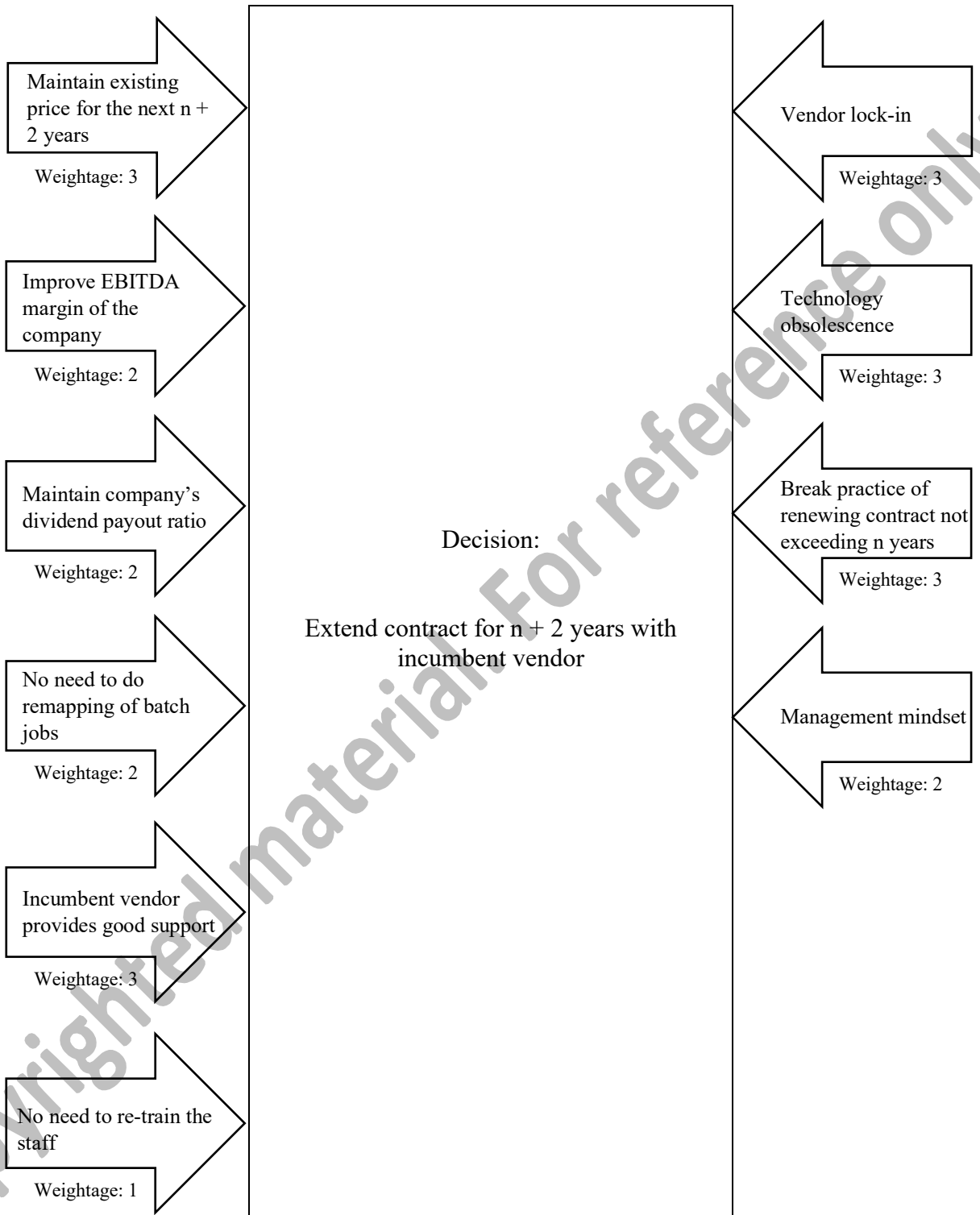
Based on the feedback Karim got from Johan, the former decided to perform a Force Field Analysis to help him decide what will be the best option for him to propose during the Management Committee Meeting. Karim, who tends to be very schema in nature, assessed the current situation by performing the following steps below:

<p><u>Step 1: Problem Definition</u> What is the nature of the current scenario that needs to be modified or revamped?</p>
<p><u>Step 2: Define the Change Objective</u> What is the desired scenario that would be worth achieving if the change takes places?</p>
<p><u>Step 3: Identification of the Driving Forces</u> What are the factors or determinants that support the change? How significant are the factors or determinants to support the change? Is there any inter-relationships between the factors or determinants?</p>
<p><u>Step 4: Identification of the Restraining Forces</u> What are the factors or determinants that resist the change? How significant are the factors or determinants to resist the change? Is there any inter-relationship between the factors or determinants?</p>
<p><u>Step 5: Development of Comprehensive Change Strategy</u> Based on the evaluation done in the earlier steps, one may decide how to move forward with the decision, whether to change or maintain status quo.</p>

The outcome of that was the development of the following diagram in the next page:

Forces for decision

Forces against decision



In an attempt to further strengthen his findings based on the Force Field Analysis, Karim also used the McKinsey 7S Model to evaluate the possible impact of the change he will be proposing to his organization as a whole as well as to identify the best way to implement the proposed change or idea.

Strategy:

In general, for the year 2017, Malaysia's local telecommunications sector revenue showed a marginal decline compared to the previous year. This was due to intense competition amongst the service provider whereby each of them offered cheaper packages to attract or retain customers. The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) margin for the fixed service providers (TM & TIME) in 2017 was lower compared to 2016, due to higher costs incurred for network expansion and maintenance. Telecommunications sector profits has been declining, between years 2015, 2016 and 2017, with an averaging decline of 6%. This is a by-product of rising operation costs and foreign exchange losses. Keeping this mind, Karim was confident that his proposal to change the practice of renewing contracts not exceeding n years can be sold to the management as it will be a strategic move to retain the operating costs from increasing and thus reduce possibilities for further rise in the organization's operating cost.

Structure:

The reporting structure in TM is clearly defined in general. Being a Government Linked Company (GLC) as well as the relatively large size of the company, TM tends to be bureaucratic in nature. The period for procurement approvals can be relatively long to complete as there are many levels of approvals required depending on the cost of the purchase. Considering this, Karim was optimistic that his decision to propose that incumbent vendor's contract is renewed for the duration of n years is a correct decision. This is because there is only 6 months remaining for the existing contract to expire. If a new vendor is selected, the lengthy approval duration due to various levels of approval requirements together with re-configuration of the new job scheduler as well as training that need to be provided to the staff who use the job scheduler may lead to the possibility of the existing contract to expire and at that juncture, TM may not be ready to utilize the new job scheduler by the new vendor, thus impacting the business operations. Sticking with the existing vendor mitigates the risks of this issue from occurring and TM will still enjoy the same price offered by the vendor few years ago.

System:

The decision that TM will take will impact this element of 7S McKinsey model the most as the change in the type of job scheduler used will impact the day-to-day activities, processes and procedures that the current staff undergo to ensure completion of their task. If the existing job scheduler is retained by extending the contract with the incumbent vendor for the duration of n + 2 years, business will move on as usual. However, if the management decides against renewing the existing contract for a duration of n + 2 years, a new job scheduler from another vendor will have to be procured and as mentioned before, the mapping for the job scheduler needs to be performed as well as training will have to be provided to the staff. This will definitely impact the activities, processes and procedures that the staff undergo on a daily basis. Seeing things from this aspect made Karim even surer of his proposal of extending the

contract with the existing vendor. The change will only be in terms of the number of years the contract is renewed however the existing process and procedures to complete the job will be status quo.

Shared Values:

In general, most people tend to be resistant to change. This can be extended also to personnel in TM. In this circumstance, regardless of whether TM maintains existing vendor or opts for a different vendor, change is inevitable. If TM takes the former decision, TM will be breaking from its usual practice of establishing contracts for durations not exceeding n years. On the other hand, if the latter decision is taken, the staff that use the job scheduler in their daily job will need to adapt to the change of job scheduler type. Karim felt that the former change will have less impact to the company as a whole. For example, if TM renews the contract with the existing vendor for a duration of $n+2$ years, there are not many disadvantages for TM due to reasons such as incumbent vendor is competent and responsible as well as the fact that TM will retain the pricing similar to the price in the previous contract. On the contrary, if TM decides to go with a different vendor, which will result in a different type of job scheduler to be used, TM will experience more possible setbacks. For example, remapping of the job scheduler, retraining the staff and also possibility for the existing contract to expire prior to the new job scheduler being ready and good to go.

Style:

Leadership style refers to the way of providing direction, implementing plans, and motivating people. From the perspective of employees, this is inclusive of the explicit and implicit actions performed by the leader. There are three major leadership styles as listed below:

- (i) Authoritarian or autocratic - the leader tells his or her employees what to do and how to do it, without getting their advice
- (ii) Participative or democratic - the leader includes one or more employees in the decision making process, but the leader normally maintains the final decision making authority
- (iii) Delegative or laissez-fair (free-rein) - the leader allows the employees to make the decisions, however, the leader is still responsible for the decisions that are made

The leadership style in TM cannot be specifically categorized as one style. Different leaders within the organization practice different leadership styles, hence why Karim was unsure how they would react to his proposal. Karim could not decide how this element of the 7S McKinsey model will impact his proposal to renew the contract for duration of $n + 2$ years.

Staff:

When consideration is done from the angle of the work-force of the organization and their abilities/capabilities, Karim was confident that his proposal of renewing the existing contract with the incumbent vendor for $n + 2$ years would be the better decision. This is due to the fact that the current employees who are using the job scheduler software are familiar with it and will have no issue to continue using it. It would be difficult to convince the management to retain the existing job scheduler if the employees are facing issues using the job scheduler, for example, multiple bugs or

software patch is not regularly updated. On the contrary, Karim's engagement with Lina, he was made to know the current vendor was very responsive to any problems TM faced and also visited TM twice every year as part of their preventive maintenance efforts, hence there was no real reason for not continuing with the incumbent vendor. Introduction of a new job scheduler would mean that the staff involved will have to attend training and put in concerted efforts to re-learn how the software works just to deliver the same results which the existing software is already capable to do. In Karim's view, the effort to re-learn how the new software works can be used for other purposes deemed required by the respective team.

Skills:

As far as skills is concerned, Karim was sure that the team that is currently utilizing the job scheduler software are capable of learning to use a different job scheduler software. Karim was just unsure whether the effort to learn the new software is really worthwhile.

6.0 Solution/Recommendations

Resistance has been recognized as a critical factor that can lead to the success or failure of an organizational change effort (Waddell & Sohal, 2003). Resistance is defined as all actions taken to retain the status quo whenever there is pressure to change the status quo (Zaltman and Duncan, 1977, p. 63, as cited in Waddell & Sohal, 2003).

According to Waddell & Sohal (2003), as the understanding of resistance becomes clearer, it has also become apparent that individuals do not resist change per se, instead it is actually the grey areas or uncertainties and possible outcomes that the change can cause that is being resisted. Therefore, resistance to a change is not the main problem to be solved. Rather, any resistance is usually a symptom of basic problems underpinning a specific scenario. Resistance can [therefore] serve as a warning signal directing the timing of technological changes (Judson, 1966, p. 69, as cited in Waddell & Sohal, 2003).

According to Waddell & Sohal (2003), resistance can be used as an indicator to focus on certain attributes of change that may not be suitable, not properly thought through or simply just wrong. Specifically, [management] can use the nature of the resistance as an indicator of the cause of resistance. It will be most useful as a symptom if [management] diagnoses the causes for it when it occurs rather than impeding it at once (Bartlett and Kayser, 1972, p. 407, as cited in Waddell & Sohal, 2003).

According to Albanese (1970), an operational theory helps an organization react to change in a rational manner. If an organization is clear as to why it is doing something, it will be in a better position to evaluate the pros and cons of proposed changes. Therefore, if there is no good reason for an organizational practice (i.e. "It's just policy"), resistance will frustrate those who seek to change the practice.

Resistance also encourages the exploration of alternate solutions or options in order to find a balance between the contradicting opinions relating the proposed change. Therefore, resistance can be a catalyst for innovation in a change process as more options will be considered and evaluated (Waddell & Sohal, 2003). Often a particular

solution is known to be favoured by management and consequently does not benefit from a thorough discussion. Under such circumstances, acceptance is built in, and the organization's growth and change is limited to the diagnostic and prescriptive capabilities of those who proposed the change (Albanese, 1973, p. 418, as cited in Waddell & Sohal, 2003).

It is also important that the decisions made by the management of an organization to be rational and not otherwise. Herbert Simon's work relating to rational decisions, drew attention to the actuality that a large number of management decisions are non-rational due to the fact that the management simply do not generate ample number of alternative resolutions to an issue, nor are these possible resolution effectively evaluated (Simon, 1976, as cited in Waddell & Sohal, 2003).

Additionally, Irving Janis's notion of group-think, highlights the risk of total agreement when group decisions are made and the value of healthy and open debate (Janis, 1982, as cited in Waddell & Sohal, 2003). Hence why, resistance plays a significant role. As pointed out by Maurer, resistance is the element that keeps us from attaching ourselves to every bone-headed idea that comes along (Maurer, 1996).

Based on the academic readings summarized as per the above paragraphs, Karim understood that resistance for change is not something new. He also understood that the main issue or problem is not really the resistance that his proposal may face instead it is more important for him to understand why the Management may resist his proposal. For example, it was crucial that he identified what were the weaknesses or possible loop holes in his proposal to renew the contract for a duration of $n + 2$ years instead of the usual practice of renewing for only n years.

Based on the Force Field Analysis that he performed, it seemed that the idea of renewing the contract for a duration of $n + 2$ years will be a better option as it means that there will no additional operating cost and therefore possibly improve the EBITDA margin of the company as well as maintain the company's dividend pay-out ratio. Further, business operation will go on as usual as there will be no need to retrain the staff or remapping of batch jobs if the existing job scheduler is maintained.

However, Karim was mindful that it was extremely important that he assessed the forces that may cause resistance to his proposal. The first factor that may be of concern is vendor lock-in. For this, Karim opined that since the incumbent vendor had a good track record and had provided good support (including preventive support), he would be able to convince the Management that this issue is not deal breaker.

Besides that, concerns of technology obsolescence may cause resistance to his proposal. However, Karim knows that the incumbent vendor had been in business for a long time now and is doing relatively well. Regardless, to protect the best interest of TM, Karim will suggest that a clause be included in the contract stating that if the vendor decides to no longer provide software update (i.e. software patches), TM will have the right to terminate the contract. Therefore, the risk of technology obsolescence shall be mitigated.

Based on the evaluation done using the McKinsey 7S Model, Karim felt that his proposal to renew the contract with the existing vendor for a duration of $n + 2$ years was further justified. From the point of strategy, the proposal matched the organization's direction of avoiding increase in operations costs. Further, his proposal also fits the structure of the organization, specifically how the organization functions. For example, the approval process tends to take a longer time due to the fact that TM is a GLC and tends to be bureaucratic. Retaining the existing vendor would mean only the contract will need to be renewed rather than initiating new purchase requests and embarking on lengthy Proof of Concepts (POC) and negotiation sessions, which can be further delayed with lengthy approval processes.

When viewed from the angle of system, Karim was sure that this was a no brainer. Maintaining the existing job scheduler software would mean that there is no impact to the day-to-day activities, processes and procedures that the current staff undergo to ensure completion of their task. Therefore, Karim's proposal to renew the contract with the existing contract would be the best moving forward for TM. As for the shared value element of the McKinsey model, in general, most people tend to be resistant to change and this scenario is also applicable to the personnel in TM. However, as deliberated earlier, Karim was pretty sure that change is inevitable in this case. It is either the Management will have to change from past practices of establishing contract for duration of n years only or the personnel using the job scheduler software will need to learn to use a new job scheduler to perform their daily tasks. Karim was pretty sure that the former change will have less impact to the company as a whole, be it in terms of operations, financial and manpower resources and skills. The evaluation that was done from the view of shared value element can also be extended for the other elements such as staff and skills.

The only element of the McKinsey model which did not really provide a direction for Karim was the style element. Since the leadership style in TM cannot be specifically categorized as one style, Karim could not predict how his proposal will be received by the leaders he will be presenting his proposal to.

Alas, Karim was confident that the mind-set of the management and usual practice of renewing contracts for duration not exceeding n number of years was not going to be an issue if he is able to convince the management that this decision will be a good moving forward for the company as it had more upsides than downsides. Even the few downsides or risks can be mitigated or rated as low risk since the relative justifications had been put into place. Keeping all this in mind, Karim started to prepare his presentation slides to proceed with his proposal of maintaining the existing job scheduler with a contract renewal duration of $n + 2$ years for the upcoming Management Committee Meeting. While doing so, he pondered whether he would succeed to get his proposal approved by the Management.

7.0 Conclusion

The burning questions that need to be answered is should organizations be rigid and continuously practice what was done in the past as it was proven to best moving forward in the past? Should companies be open to changes and take decisions that may

cause the company to charter in unfamiliar territories to cater for newer, more volatile, complex and ambiguous business challenges? Based on the case analysis that was done using the Force Field Analysis and 7S McKinsey Model, the answer is simply yes. Companies should not be so hung up and rigid with regards to their past practice or policies. This is to enable the organization to stay relevant in today's competitive landscape, especially in cases where the customers have abundances of alternatives, in the form of other competitors to reach out to. Besides that, being creative or less rigid in decision making rather than totally going by the books may allow room for opportunities that were unforeseen before to surface. Change is the only thing that is constant. In certain decision making process, regardless of which decision the Management opts for, change is unavoidable. Therefore, it is imperative that the Management evaluate the impact of the changes if either decision is taken and which decision will benefit the company in a more wholesome manner. With pressure from many parties for GLCs to further buck up in terms of performance and service, it is also important that Management make decisions which gives the company a competitive edge rather than making decisions that are safe or conventional by the standards of past decisions made. It is also important for Management to listen to different ideas that come from the grassroots and thoroughly analyse them instead of dismissing them on the grounds of it being too radical or non-compliant or non-conventional. This will thus motivate staff to continuously think of creative solutions and possibilities which will in the long run benefit the organization.

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