

Implementing Change Practice through Learning and Development: A Case Study of Kaeng Khoi Cement Plant, Siam Cement Group, Thailand

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ABSTRACT

This paper reports the results of a study on how a Thai manufacturing company has implemented its change process through learning and development activities. The primary data were collected through an organizational assessment, a site visit, and interviews with management. The analysis and synthesis of data revealed interesting findings, with several proposed models. It was concluded that there were three groups of change activities; namely, employee perception, team development, and environmental improvement. Three critical success factors of change practice included perception, learning, and motivation

Keywords: *Change Practice, Learning, Behavior*

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บทคัดย่อ

บทความนี้เป็นการรายงานผลการศึกษาแนวทางการปรับเปลี่ยนองค์กรโดยใช้กิจกรรมการเรียนรู้และพัฒนาของโรงงานอุตสาหกรรมแห่งหนึ่งในประเทศไทย ข้อมูลในการวิจัยได้จากการศึกษาองค์กร การเยี่ยมชมโรงงาน และการสัมภาษณ์ผู้ที่เกี่ยวข้อง ผลการศึกษาพบว่า กิจกรรมการเรียนรู้และพัฒนาที่องค์กรนี้ใช้แบ่งได้เป็นสามกลุ่ม ได้แก่ กิจกรรมที่เกี่ยวข้องกับการปรับการรับรู้ของพนักงาน กิจกรรมการพัฒนาทีมงาน และกิจกรรมการปรับปรุงสภาพแวดล้อมในการทำงาน โดยปัจจัยนำความสำเร็จของแนวทางการปรับเปลี่ยนองค์กรนี้ได้แก่ การรับรู้ การเรียนรู้ และแรงจูงใจ

คำสำคัญ การปฏิบัติ การเปลี่ยนแปลง การเรียนรู้ พฤติกรรม

INTRODUCTION

This paper is a report of the results of a study on how a Thai manufacturing company has implemented its change process through learning and development activities. The company has created a learning and development scheme to incorporate a sense of change urgency and readiness for change on the part of their employees. People in the company share their feelings, learn together, and develop themselves and one another, and become effective change agents of the organization. This change process is still ongoing, but so far the success has been very real and impressive.

The objectives of the study are to review the change process at the Kaeng Khoi Cement Plant, Siam Cement Group, Thailand, and to observe how employee behavior has developed during this change process. Specifically, the study explores how the company has introduced its change process to employees, gained participation, and developed employee commitment to change. Data are collected through an organizational assessment, a site visit, and interviews with management.

COMPANY BACKGROUND

Siam Cement Industry Co., Ltd., a holding company for the Siam Cement Group's Cement business, has maintained its leadership position the domestic cement market. The business focuses on the production and distribution of cement, ready-mixed concrete, dry mortar, and refractory products, and provides technical and plant installation services to customers, both within and beyond the group. With cutting-edge production technology and ground-breaking research and product development, it satisfies customers' needs with a wide range of high quality products.

The company is one of the major cement exporters in the world, exporting to more than 20 countries worldwide. It has also set up ready-mixed concrete facilities in neighboring countries such as Cambodia, Myanmar, and Laos. This has helped to increase the business's competitive advantages and advance it toward becoming an industry leader in the ASEAN region.

The company strongly believes that human resources are a critical factor in its organizational success. In order to accomplish its corporate objectives, high caliber staff must be involved in operations, assess results, and develop strategic moves. The Siam Cement Group has given human resource management a high priority since its founding more than 90 years ago, as reflected in one aspect of its business philosophy: "Belief in the value of the individual". The continued progress of the subsidiaries under the corporation over the years has earned recognition for the group as a national leader in efficient human resource management.

The group's quality of human resource management begins with highly-selective new hiring. Cementhai Career Choice is a proactive program that seeks to attract bachelor's degree-level graduates from Thailand's leading universities and in order to attract MBA graduates from the top 10 universities in the United States and Europe, the group has a program called Top Ten University Recruitment.

Because human resource development is viewed as a long-term investment that helps ensure success and adds value to the organization, the group has undertaken a wide range of learning and development activities consistent with its growth strategy. Examples include the promulgation of best practices for various disciplines among group companies through ongoing, year-round activities; the establishment of a knowledge management database system; constantly updated learning and development programs to keep abreast of changes in methods and practices.

In order to encourage continued learning, the group also provides scholarships for personnel to earn master degrees, supports work observation visits, and encourages staff rotation. The group operates a competency-based management system that provides clear and continuous human resource management. Another program that enhances the competence of the workforce is the group's ongoing networking with various internationally-recognized educational and research institutions that help keep the group's personnel at the leading edge, both domestically and regionally.

In order to ensure that staff at all levels set performance targets that are aligned with the organizational strategy, the group communicates clearly the corporate direction and goals to personnel at all levels. Individual evaluations are based on performance, as well as on integrity, leadership, and managerial characteristics. This system helps ensure the continued development of quality staff for the assumption of management responsibilities.

A compensation system based on performance is another method the group uses to encourage excellence and dedication, using the results of surveys of other leading companies to ensure competitive compensation packages. The group's variable pay system determines bonus levels based on the performance of each company and of each individual. Moreover, because the group sees information technology as an important means of boosting staff management

efficiency, the Cementhai eHR personnel management software has been implemented to increase the speed and accuracy of data, to reduce paperwork significantly, and to provide more convenience to the staff, which can manage its own information directly.

Kaeng Khoi Cement Plant (SKK), the Siam Cement Group's fourth plant and the largest in Southeast Asia, began operations at the end of 1969. The plant is located on a 7,000-rai (2,800-acre) site in the Kaeng Khoi district of Saraburi Province and employs the dry process, which is the latest kiln technology, and has an annual capacity of 7.0 million tons. There are sources of raw materials, limestone, and shale in nearby areas.

CHANGE PRACTICE

The company began its change primarily because of external pressure. As the business competition has become more severe and few international big players in cement industry have shown interest in expanding their current business and investing in new businesses in Thailand, the Siam Cement Group has decided to commit to an extensive change practice to level up their organizational performance.

The change practice at Kaeng Khoi Cement Plant can be grouped into 3 categories (as shown in Figure 1), Employee Perception, Team Development, and Environmental Improvement. The following elaboration is meant to explain and exemplify the three categories for the sake of simplicity and better understanding of what they have been doing for their change practice. However, several of the activities overlap in their objectives among these three categories.

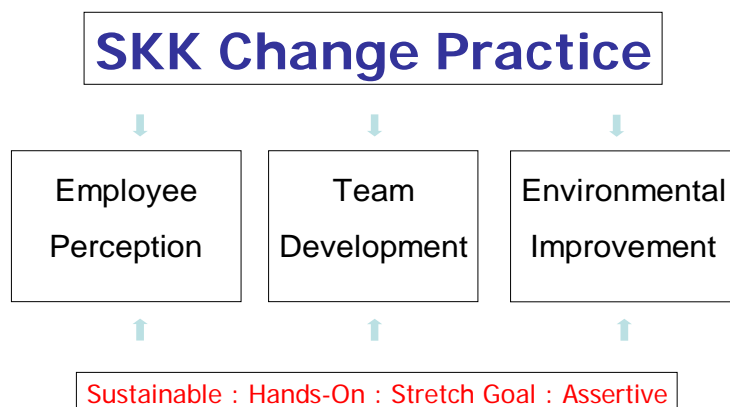


Figure 1 SKK’s Change Activities and Core Values

Employee Perception activities focus on aligning employees’ perception toward changes in the organization. These activities are devoted to continuous learning through hands-on experience, both mentally and physically. C-FIT is an example of the activities in this category. This activity aims mainly at creating the readiness for change among employees by promoting the attitude of accepting changes as challenges and pathways to success at three levels: customer, community, and corporate. Moreover, employees are encouraged to believe in three critical values: commitment, consistency, and communication. CCement is another example of these Employee Perception activities. It is a learning camp which incorporates the concept of constructionism learning to all activities. Constructionism is defined by the organization as a learning method where learners determine what they want to learn and how they want to go about it. Learners create new knowledge by building on to their old or current knowledge. They reflect and share. They learn the content but most importantly, they learn how to learn. The final example of Employee Perception activities is the activity called “OK Do It.” It is a team-learning activity where learners are grouped to work on selected projects under the guidance of facilitators.

Team Development activities focus on creating a sense of excellence, trust, and collaboration among employees. The organization strongly believes that changes become successful challenges when employees embrace excellent quality, communicate truthfully among one another, and are willing to do everything possible to achieve mutual goals. Team Building is one example of Team Development activities where both indoor and outdoor learning activities are effectively implemented. Other examples include the SKK Music Award (a song writing and singing contest, specifically related to promoting the organization's values), Change Drama Series (an on-stage drama on stories of changes according to employees' perceptions and feelings), and Facilitator Skill Training (a training program on facilitation skills for cell heads).

Environmental Improvement activities focus on bringing changes into solid, visualized evidence. These activities entail improvement both in terms of the physical environment and the work atmosphere. Examples of Environmental Improvement activities include Beautiful Plant is in Our Hands (a group activity for keeping the plant environment clean and green), Green Trucks (an activity focusing on safe and environmental friendly transportation in the plant area), and OCOP - One Cell One Project (a project-based group activity for promoting a better environment for both company and community).

Additionally, change practice can not be made successful without well-designed support strategies. Goodstein and Burke (2000) has suggested methods for implementing change, including individual change strategy (e.g. setting up a comprehensive training program), technostructural strategy (e.g. modifying the structure, individuals' jobs, and/or work procedures), data-based strategy (e.g. conducting a companywide survey to assess organizational culture for the purpose of using the data to pinpoint required changes), and organization development strategy (e.g. collecting information from organizational members about their views regarding what needs to be changed and acting accordingly). All of these

strategies are evident in the change practice at Kaeng Khoi Cement Plant. For the individual change strategy, the company has developed a comprehensive learning and development scheme using various activities. For the technostuctural strategy, the company has restructured the organizational hierarchy to be flatter and less centralized. For the data-based strategy, the company deploys the organization-wide communication campaign and provides various communication channels for information to flow upwardly, downwardly, and laterally. Finally, for the organization development strategy, the company undergoes many activities to ensure the involvement of people in voicing their opinions and valuable ideas regarding change practice.

All of the change activities at the Kaeng Khoi Cement Plant are fully supported by the leaders at the top of the organization in budget allocation, staffing, time allotment, and tools and equipment providing. Leaders regularly participate in various change activities. They “walk their talks” with a strong determination of transforming the organization to a learning workplace. Every day at work is an opportunity for learning new and challenging things. The most important thing is to ensure that people open their heart, broaden their mind, and widen their will. Moreover, 4 core values, namely, Sustainable, Hands-On, Stretch Goal, and Assertive, are relentlessly incorporated into all activities. That means that each activity must be strategically designed to last long, be related to action learning, be continually improved, and involve people to participate actively and to voice their opinion constructively. So far this change practice has yielded many concrete satisfactory results, including fewer numbers of problems at work, better cooperation among staff members, less conflict among members in different work teams, more smiles on employees’ faces, a relaxed work atmosphere, and a clean and green environment. Specifically regarding three areas, employees are willing to share ideas, work in teams, and continue to improve their performance; the organization shows good signs of improvement; and customers report higher satisfaction.

BEHAVIORAL TRANSITION

As we can see the change practice at the Kang Khoi Cement Plant is a planned program involving the entire system and relies on many experience-based learning activities, and the focus is on group behavior and team development. The company believes that before change can take place people in the organization have to first perceive change. Their attitude toward change must be positive and they must recognize that change is good, essential and attainable, first and foremost. Then when they are open to change and feel ready, people can be put into work groups and the team building process can begin. They are, in other words, at a stage of readiness to learn and develop. People behave and act with trust. They feel comfortable admitting their ignorance, reflecting and sharing their knowledge and feelings. Finally, the third component of the change practice can be realized. Improvements are then felt and seen around the plant. Figure 2 shows how employees' behaviors develop.

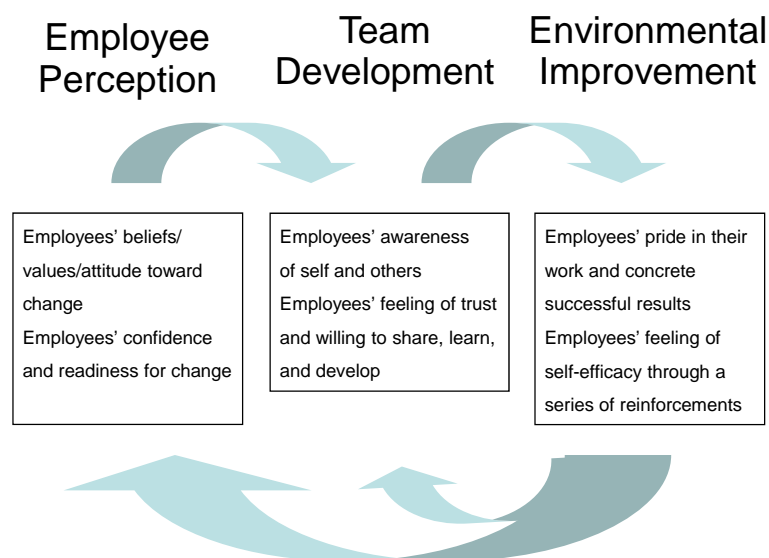


Figure 2 Employees' Behavioral Transition

From Picture 2, it can be seen that as employees' perceptions toward change become appropriate and healthy, they feel more confident and ready for change. Then they are developed individually and collectively through a series of team-learning activities. They become aware of themselves and others, trust other group members, and are willing to share with and learn from one another. Finally, project-based activities are assigned to the employees at the right time. Successful results are obtained and each team member feels good about the outcomes. This, in return, solidifies the right attitude of employees toward change, increases their confidence and readiness for change, raises their awareness of the importance of working in teams to achieve the ultimate goal, and promotes a trusting, learning atmosphere.

CRITICAL SUCCESS FACTORS

Three dimensions become critical successful factors of the Kaeng Khoi Cement Plant; namely, Perception, Learning, and Motivation.

Perception is defined by Robbins (2005) as a process by which individuals organize and interpret their sensory impressions to give meaning to their environment. Perception is important in the change process because people's behaviors are based on their perceptions of what reality is, not on reality itself. The change as it is perceived is the change that is behaviorally important. When employees perceive change as a challenge, they tend to look at it as something manageable and achievable. This, as a result, influences their beliefs, values and attitudes, which contribute directly to people's behaviors. As mentioned earlier, the Kaeng Khoi Cement Plant implements Employee Perception activities to align employees' perception toward changes in the organization and in this way, it fosters constructive behaviors during their change practice. Moreover, teambuilding activities are also widely implemented in the change practice of the company. These activities are the most common and effective intervention of organization development practitioners (Jusela, 2000). Employees become closer together and share the overlapped mental models.

Learning is at the heart of the Kaeng Khoi Cement Plant's change practice. The plant has made learning become a way of life in their systems. Whether an organization adopts a formal and systematic approach, or is committed to the ongoing and long-term process of individual growth and development via a systematic approach, learning is the essential precondition for any change in performance at work (Megginson, Banfield, & Joy-Matthews, 1999). When learning is based on and follows from experience, it is obvious that learning will be influenced by a person's exposure to different situations. Learning outcomes leading to increased capabilities will, therefore, reflect the nature, variability, and intensity of what people are required to do and opportunities to experience new and different situations. Learning through a variety of activities at the Kaeng Khoi Cement Plant provides employees with the ability of how to learn and how to apply what they have learned to actual situations. According to Utsahajit (2001), learning how to learn skills help learners to gain both wisdom and joy in their learning endeavors. Additionally, experiential learning is the major learning method implemented at the plant. Delahaye (2000) has stated that experiential learning allows the learner to experiment with or experience a specific situation and to reflect on that experience or experiment. The learning is generated by the first-hand experience of the learner, not by a vicarious or artificial event. Finally, the learning process involves the four stages of Kolb's (1984) learning cycle: planning, experience, reviewing, and reflecting. Employees become more confident in their competencies necessary for change practice.

Motivation refers to the forces, either internal or external, to a person that arouse enthusiasm and persistence to pursue a certain course of action (Daft, 2005). Employee motivation affects performance and therefore is important for leaders to channel followers' motivation toward the accomplishment of the organization's vision and goals during change practice. Appropriate motivation prompts people to initiate action, choose their course of action, and commit to that action over time. Argyris (2000) has mentioned that there are two kinds of valuable commitment in the workplace. The first one is called "external commitment."

It is a contractual compliance when employees have little control over their destinies. When, for example, management single-handedly defines work conditions for employees, the employees will almost certainly be externally committed. The commitment is external because all that is left for employees is to do what is expected of them. The second kind is called “internal commitment.” As the name implies, internal commitment comes largely from within. Individuals are committed to a particular project, person, or program based on their own reasons or motivations. Internal commitment is closely allied with empowerment. The more that top management wants internal commitment from its employees, the more it must try to involve employees in defining work objectives, specifying how to achieve them, and setting stretch targets. This is exactly what has happened at the Kaeng Khoi Cement Plant, where leaders promote internal commitment through the extensive involvement and participation of employees, who are satisfied and become highly active change agents.

Figure 3 presents the pyramid of success for the Kaeng Khoi Cement Plant.

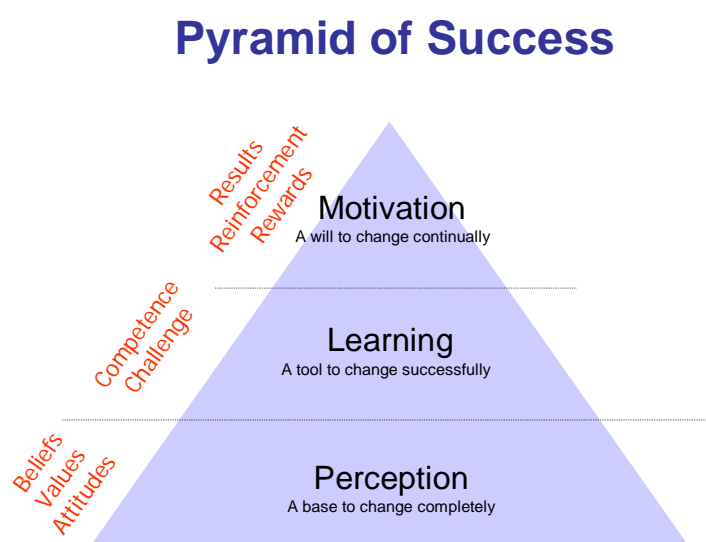


Figure 3 SKK’s Pyramid of Critical Success Factors

Perception is at the base of the pyramid of success, implying that employees' beliefs, values, and attitudes contribute greatly to the initiatives of change in the organization. This change practice gets started right when employees possess the right mind set. In order for change to occur throughout the organization, employees' perceptions must be aligned.

Learning provides employees with the right tool for dealing with changes in the organization. Only learning can keep up with change. Learning at or for work facilitates the required behavioral change. It creates, adapts, enlarges, and deepens knowledge. Without new knowledge or adapted knowledge, it is not possible to change. People become competent and able to meet the demands of change through learning. They look at change as challenging and achievable when they feel comfortable and are equipped with knowledge and learning to learn skills.

Motivation both from internal and external sources keeps the momentum of change rolling. Visible results and right reinforcement and rewards fulfill people's satisfaction and boost motivation. Change practice then becomes a successful on-going loop lifting the organization's performance.

HRD IMPLICATIONS

The change process involves learning something new, as well as adjusting current attitudes, behaviors, and organizational practices. This will not occur in an organization unless there is motivation to change, and this is often the most difficult part of the change process. People are the hub of all organizational changes. Any change, whether in terms of structure or group process, requires individuals to change. This study has discovered crucial information on how the Kaeng Khoi Cement Plant has successfully introduced its change process, stimulates employee involvement, and develops and motivates individuals during the process. As HRD practitioners are key persons in implementing change in most of today's organizations, it is

necessary for them to possess extensive comprehension of change management, both in concept and practice. Effective change can be realized in an organization through good accomplishment of change-literate HRD persons. The findings from this study reveal a successful change model and offer useful concepts and actual practices, though further studies on success measurements may be required.

CONCLUSION

The pressure to change assumes the need to learn, because this change practice is not going to be realized by wishful thinking; it can only come about by people learning how to behave differently. More importantly, organizational survival depends on the ability to learn from work. Recognizing these implications, the Kaeng Khoi Cement Plant has successfully implemented change practice through learning and development activities. The company has turned a rather static and idle workforce group of into an energetic and ready-for-change work team. Employee perception was the initial main focus of this change practice, with the objectives of opening up the employees' mind and aligning employee perception toward changes in the organization. Team development was then emphasized after most employees became ready to collaborate. They share and learn together, and change has become an attractive challenge for them. Finally, they feel good about change and are ready to take on new challenges from receiving the right motivation. All this happens in a loop of successful behavioral transition. The Kaeng Khoi Cement Plant is now more ready for challenges than ever.

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