

## Measures To Solve Employee Performance Issues During New Product Development Transfer In Shin-Etsu Malaysia-Case Study

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**Abstract:** The purpose of this case study is to solve employee performance issues during new product development transfer to shop floor in Shin-Etsu Malaysia. As a further information new product development involves either improving an existing product or developing new product as customer request. However a competitive product development strategy should include a company-wide commitment to creating items that fulfill particular customer needs. These needs include customers' desire such as producing high quality, low cost or totally introduce new to the markets. At here product under New Product Development will be transferred to shop floor once the customer satisfies with desired requirement and fix the final design. However, this scenario will occur when demand for the product increasing rapidly. But, in this case study focusing only on employees because other factors related to technical issues able to solve it. New Product Development engineering department establishes in Shin-Etsu Malaysia more than 15 years, but issues related to employee performance that involve in during transition still unable to solve. Basically, each new product development process involving five basic steps such as concept, ideation, design, test and finally release. So for all these process work lines involves employees that well known knowledge in new product development stages. However, employee performance issues occur during the transition period to shop floor. Unfortunately, this issue, not only occur in Malaysia plant, besides that, it also occurs in China and also Thailand plant. So Shin-Etsu Malaysia General Manager, Mr. Takeshi Kageyama assigned to identify the problem and solve it. Some factors that identify as key factors contribute to employee performance issues occur were salary, benefits, communications, employee turnover, training & development, technology, working environment & culture, leadership style, knowledge transfer, employee skills and knowledge management among employee performance that related to New Product Development and shop floor. So this case study as such, readers would be able examine regarding on solution and strategies that have been suggested.

**Key Words:** Shin-Etsu Malaysia, New Product Development, Employee performance issues

**Research Area:** Social Science

**Paper Type:** Case Study

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### 1. INTRODUCTION

In year 2014 the performances of electronic and functional material net sales dropped 6.5 percent when compared with the previous year. This scenario was given a big impact after one of the Shin-Etsu plant in Batam, Indonesia shut down their manufacturing operations. Due to the issue, Mr. Takeshi Kageyama, former Engineering Manager, brings back to Shin-Etsu Malaysia as General Manager in the mid of 2014. The main purpose he transfers here with promotion due to solving some organizational, operational problems such as productivity improvements, employee, cost saving and others.

A few months as assign as General Manager, he went to approach each department to analyze and get possible solutions to their problems. So at New Product Development department found that some challenging issues that unsolved until now is employee performance after the product transfer from new product to shop floor.

## **2. BACKGROUND OF COMPANY**

### ***2.1 History and nature of business:***

In Japan, Shin-Etsu Chemical Co. Ltd identify as largest chemical company. It was ranked no. 9 in Forbes Global 200 for the chemical manufacturing sectors. This company is the mother company for other Shin-Etsu companies around the world including Shin-Etsu Malaysia. This company was established in 1926 in Tokyo as headquarters. According to the company history profile, Shin-Etsu Chemical Co. Ltd began with the coming together of Nagano Prefecture's (Shinano-area) water and Niigata Prefecture's (Eshigo-area) limestone. So Nagano Prefecture's plentiful water where give birth to electric power and the limestone that came from Niigata Prefecture was taken raw material, which was called, "Oyashirazu's great earth." At the end Shin-Etsu company name came from Shinano as Shin and Echigo as Etsu.



Note: Shin-Etsu official logo

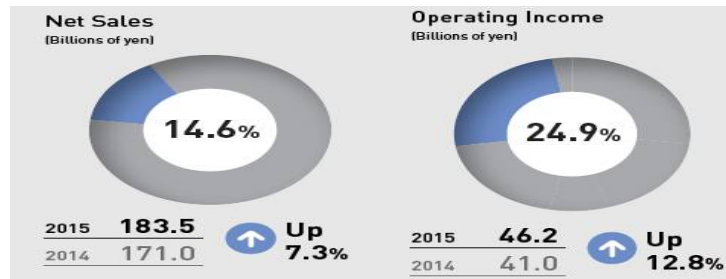
This is a corporate symbol that visually represents the future image of Shin-Etsu group which pursuing. A high technology, high quality, dynamism, challenging spirit and flexibility are an integration of images that representing of corporate symbol. However the light in the center represents the activating source that connected the potential of the earth with people's dream. It also represents the advanced technology that will lead to future expansion and new values. This company, group aims to become a world leader, has named this symbol the memorable glow in the hope of shining eternally.

Shin-Etsu group involves various types of business natures. In generally can be categorized as below:

- PVC/Chlor-Alkali
- Silicones
- Specialty chemicals
- Semiconductor silicon
- Diversified business
- Electronic and functional material

Shin-Etsu Malaysia one of the manufacturing plant under Shin-Etsu Group that produce electronic and functional materials. This business provides many types of products fora wide range of industries, rare earth magnet is used in the motors of automobiles, home appliances and hard disk drivers for PCs. This business includes a number of products that are essential for semiconductor lithography process. Demand for their photoresists, photomask blanks and pellicles are growing in tandem with rising semiconductor device output and progress with miniaturization. A liquid fluoroelastomer is another product in this business. For synthetic quartz products, major applications include preforms for optical fiber and large photomask substrates for LCD panels. Also they supply LED packaging materials that meet the numerous requirements of high brightness LEDs. LED light is attracting interest because of the energy efficiency. A shipments being good in terms of products for applications in automobiles, starting with hybrid cars, shipment of products for applications in large capacity

hard disk drives also continued to be steady. Although the optical fiber preform business was affected by a sluggish market, shipment in the latter half of the fiscal year was strong. As a result, compared with last year, net sales for this business segment increased by 7.3 percent that equal to RM431.5 million and recorded to RM6325.02 million and operating income increased by 12.8 percent that equal to RM180.58 percent which recorded to RM1529.69 million.



Note: Net sales and operating Income of electronic and functional material.

Even though the Shin-Etsu group focusing on making profits, their products contribute to environmental positive impacts. Rare earth magnets have a magnetic force of about 10 times stronger those conventional ferrite magnets. Even small rare earth magnet cab exhibits powerful magnetic fields. Hybrid and electric vehicle motors, these magnets reduce size and weight while increasing power. Compressors of energy efficiency of these products lower carbon dioxide emissions.

So as overall by business segment able view that Shin-Etsu group total net sales increases by 7.7 percent, which reached to RM43.29 billion and total operating income increased 6.6 percent which reached to RM6.38 billion.

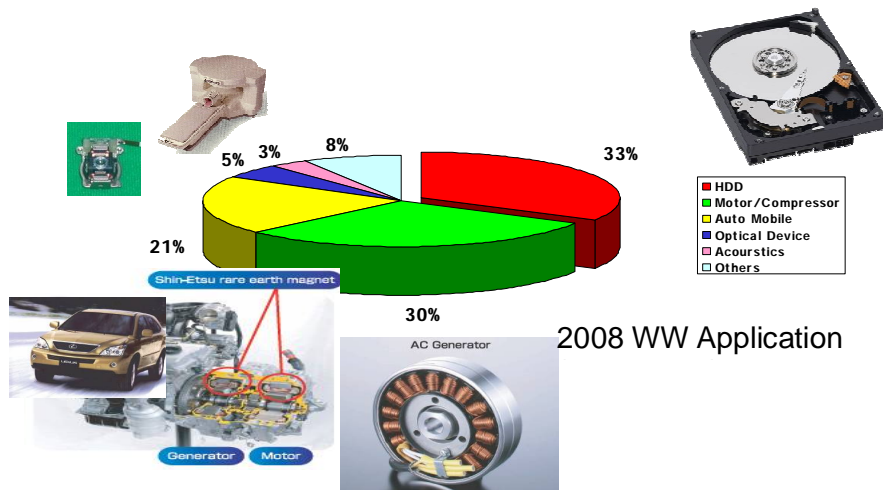
## 2.2 Shin-Etsu Malaysia:

The Shin-Etsu Group has led the industry in initiating overseas development. Their current global network extends into the Southeast Asian regions and North America, with sales bases for rare earth magnets in Singapore and the U.S. cities of San Jose and Chicago. This international presence enables us to respond rapidly to market needs in each region, and to provide specific information and technical services. Shin-Etsu Malaysia also provide 'just-in-time' delivery to customers' overseas production bases through our wholly owned production subsidiaries -outside Kuala Lumpur in Malaysia, at Batam Island in Indonesia and in a suburb of Manila in the Philippines. In recent years, production bases in manufacturing industries have been increasingly shifting overseas, reflecting growing demand for direct material supply to customers' overseas production bases. To better address these needs, Shin-Etsu works with our customers to provide better business solutions-solutions focused not only on product cost, but also on attaining the maximum advantages of direct material supply through the Shin-Etsu Group's broad global network. The main products at Shin-Etsu Malaysia are voice coil motor (VCM) for hard disk drive (HDD) and general magnets. VCM is an assembly consisting of two metal plates, two strong permanent magnets, and spacers used between the plates to create a gap for the coil assembly. Current is fed to the coil, causing the freely rotating actuator to move in one direction or the other to accurately position the heads above the media.



Note: Shin-Etsu group organization (VCM & magnet)

- |                            |  |
|----------------------------|--|
| • Incorporation            | October 1988   |
| • Commencing in Production | October 1989   |
| • Factory                  | Plant 1 (VCM Assembly)<br>Plant 2 (Magnet machining & plating)<br>Plant 3 (GA magnet machining)                    |
| • Market                   | Voice coil motor (VCM) to primary hard disc drive maker and general application magnet to electronic applications. |



Note: Shin-Etsu magnet application in worldwide market

### ***2.3 Shin-Etsu Malaysia's Mission:***

The Shin-Etsu Malaysia strictly complies with all laws and regulations, conducts fair business practices and contributes to people's daily lives as well as to the advance of industry and society by providing key materials and technologies.

### ***2.4 Management Objectives-2015:***

Building upon their history of business success, they shall aim to become the World's No. 1 in their business sectors and strive to strengthen their competitive advantage by fully committing to prioritizing sales, proactively making global facility investments and acting with "speed" in carrying out all of our work.

### ***2.5 Shin-Etsu Malaysia business objectives:***

#### ***2.5.1 Strong sales to lead us to grow together with their customers***

- They will focus on setting their sights globally and aim to strongly compete in growing global markets.
- They will fully utilize the collective strengths of the Shin-Etsu Malaysia.
- They will strive to quickly grasp their customers' needs and speedily and flexibly respond to those needs.
- They will carefully prepare to take prompt, appropriate countermeasures when necessary to effectively deal with all possible business risks.

#### ***2.5.2 Strong research and development to open the way to the future***

- They will work to aggressively shorten the time needed to carry out research and development.
- They will endeavor to strengthen their operational research and strive to differentiate and diversify our products.
- They will launch new businesses.
- They will assertively protect their technology by obtaining patents.

#### ***2.5.3 Strong and safe manufacturing creates a solid business foundation***

- They will continue to make safety a constant top priority.
- They will proactively invest in the most appropriate places in the world.
- They will work to improve productivity and product quality as well as to streamline operations.
- They will strive to achieve reliable procurement of raw materials and to reduce procurement costs.

#### ***2.5.4 Contribute to improving the global environment***

- They will expand sales of their products that contribute to improving the global environment and work toward commercializing new environmentally-friendly products.
- They will strive hard in all of their departments to promote further efforts to conserve energy and resources and reduce environmental impact.

#### ***2.5.5 Contribute to society by strictly complying with all laws and regulations and conducting fair business practices***

- They will strive to contribute to society by making profits and paying taxes.
- They will always follow fair corporate practices, strengthen their internal control structure, and assume the responsibility to accurately report information.
- They will disclose information in an appropriate manner.

## 2.6 SWOT analysis:

The Shin-Etsu Malaysia's products play a key role in the lives of people around the world. They are at use field such as housing, infrastructures, automobiles and electronics. They are dedicated to maintaining a stable supply of products that contributes to progress in numerous industries while developing value-added materials that will drive future innovation. Under research and development segments, their R&D develops innovative technologies that differentiate the Shin-Etsu Malaysia. They focus on domain research, which involve improving functions and developing more applications for current products. They also conduct mission research by using their technologies and knowledge to target next generation needs in the markets. Besides that, this firm constantly works to maintain a stable supply of high quality products. They are working hard to further improve the product quality and minimize the production cost with rationalized, efficient operations. Furthermore, they are reinforcing manufacturing operations for their core products by strengthening their integrated manufacturing process that involves raw materials, and through geographically diversified production location. So SWOT analysis for Shin-Etsu Malaysia can be done as below:

### 2.6.1 Strength:

- a) *Barriers of market entry*: Shin-Etsu Malaysia has cost advantages of transportation. This organizational allocated nearby with their customers. So product delivery to their customer within nation gave advantages for cost. Besides that it creates customer satisfaction for their query and feedback.
- b) *Experienced business unit*: Shin-Etsu Malaysia establish here more than 25 years and well known for VCM and magnet supplier for their customers. So their knowledge is wider than other competitor to produce best quality products.

### 2.6.2 Weaknesses:

- a) *Future depth rating*: Future forecasting for the products that produce at Shin-Etsu Malaysia such as VCM very difficult to estimate their future market trend. This scenario occurs due to the introduction of new technology called Solid State Drive (SSD).
- b) *Brand portfolio*: Shin-Etsu Malaysia produce various types of VCM and different types of magnet for home and automobile applications. However, this organization did not have special branding such as Western Digital or Seagate.
- c) *Small business unit*: Due to the current technology restructuring by the introduction of new technology in Information Technology, consumer looks forwards SSD as replacement of hard disk drive. Due to this VCM business unit become small from the year to year.
- d) *Competitive market*: VCM suppliers were less in this business unit. Due to this competitive market happen among VCM supplier. However, to overcome it quality and cost of product play as an important role to keep on establish in the markets

### 2.6.3 Opportunities:

- a) *Growing economy*: Globally hybrid automobiles introduce to overcome cost saving and love nature basis. Due to this opportunity as an alternative product of VCM, such as magnet for hybrid car supports for Shin-Etsu Malaysia continues growing
- b) *Global market*: Product having high demand in global market, such as general magnets and other application components.

### 2.6.4 Threats:

- a) *Increase in labor cost*: Labor cost is an important factor in organizational allocation. Besides that increasing in labor cost also contributes for unprofitable for the organization
- b) *Price change*: Price changes in product create a competition among VCM suppliers, who can the high demand for that product. Shin-Etsu Malaysia stand strong for the price because of the quality of product
- c) *Technological problem*: Introduction of new technology will give some impact such as high rejection and high downtime due to less knowledge in operation new machines. So it may affect the on time delivery to customer that create dissatisfaction among customers

## 2.7 Competitors:

### 2.7.1 MMI Industries Sdn. Bhd

This company is located in Tampoi, Johor, Malaysia. The city is an important hub for southern Malaysia and one of the biggest industrial centers of the country. MMI establishes this site in Malaysia in 1992, to expand MMI's global activities and to create a presence close to their HDD customer in this fast-growing region. This site focuses on clean-assembly of precision voice coil motor magnet assemblies (VCMAs) for HDD industries.

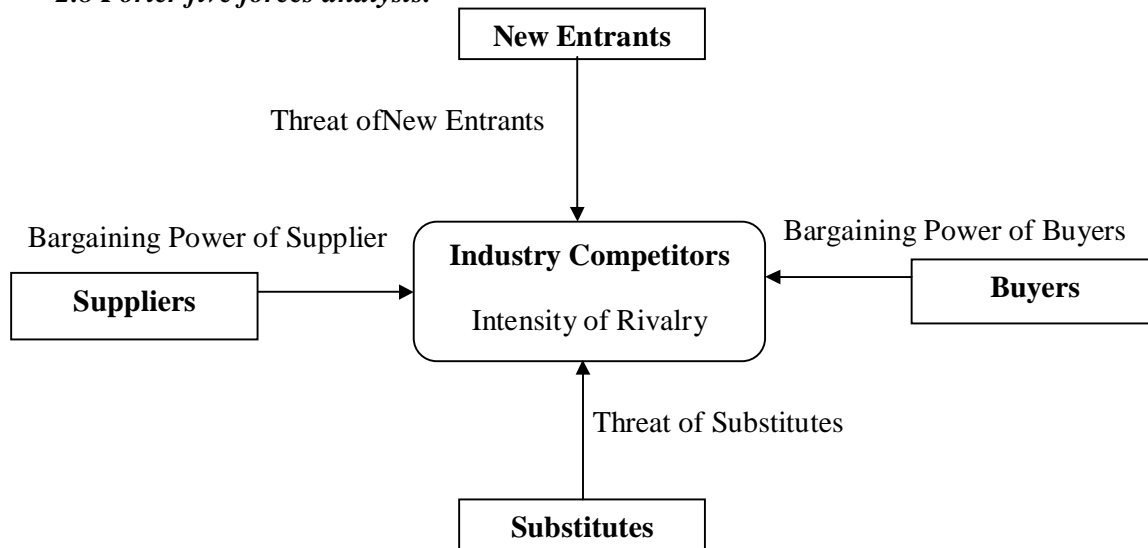
### 2.7.2 Min-Aik Technology (M) Sdn.Bhd

This company is located in Masjid Tanah, Melaka, Malaysia or commonly known as MAM, are established in the year 2000. The immediate and ultimate holding companies are Min-Aik International development Pte. Ltd., a company incorporated in the Republic of Singapore and Min-Aik Technology Co., Ltd., a company incorporated in Taiwan respectively. Min-Aik specializes in Precision Plastic Injection, which cover the supply chain to Hard Disk Component; Medicine and Medical disposable and Electronic plastics. Min-Aik integrated tooling design and fabrication, collaborates with precise measurement, functional, reliability test and automation by offering a total solution to their valued customer.

### 2.7.3 TDK (Thailand) Co., Ltd

This company is located in Ayutthaya, Thailand and established in the year 1992. TDK is one of the leading hard disk drive component manufacturers in the world. In-numerous types of hard disk drive components are the building blocks that sustain advanced applications in their modern world. TDK is leading manufacturer of such components operating on a worldwide scale, TDK has R & D and manufacturing bases in Japan, the Asian region, Europe, and America.

### 2.8 Porter five forces analysis:



#### Rivalry Determinants

- Industry growth
- Fixed cost/value added
- Intermittent overcapacity
- Product differences
- Switching costs
- Diversity of competitor
- Exit barriers

#### Entry Barriers

- Economic of scale
- Proprietary product differences
- Switching cost
- Capital requirements
- Absolute cost advantages
- Government policy
- Expected retaliation

#### Determinants of Supplier Power

- Differentiation of inputs
- Switching cost of suppliers and firm in the industry
- Presence of substitute's inputs
- Supplier concentrations
- Importance of volume to supplier
- Cost relative to total purchase in the industry
- Impact of inputs on cost or differentiation
- Threat of forward integration relative to threat of backward integration by firm in the industry

#### Determinants of substitution threat

- Relative price performance of substitutes
- Switching costs
- Buyer propensity to substitute

### **Determinant of Buyer power**

#### **Bargaining Leverage**

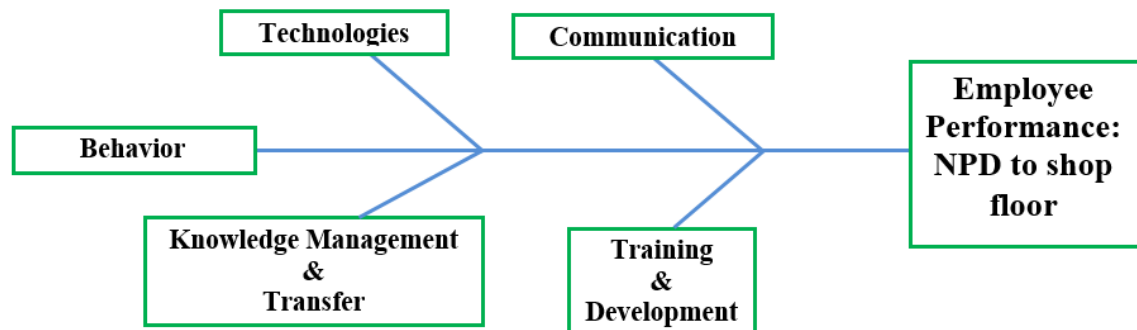
- Buyer concentration vs firm concentration
- Buyer volume
- Buyer switching cost relative to firm switching costs
- Buyer information
- Ability to backward integrate
- Substitute products
- Pull-through

#### **Price sensitivity**

- Price/total purchase
- Product differences
- Impact on quality/performance
- Buyer profits
- Decision maker's incentives

### **3. BUSINESS ISSUES/CHALLENGES**

Mr.Kageyama approaches NPD department and analysis the issue occurs by using a Fishbone diagram. According to his analysis, he found that some root because that having contributed to employee performance. Besides that, that identifies root cause also having contributed to another department as well. The fish bones diagram that is drawn by him was as below:



Fishbone diagram: Employee Performance-NPD to shop floor

#### **3.1 Communication:**

Basically, in manufacturing communication define as a progress by which employees create and share information with one another in order to reach a mutual understanding. Therefore, according to Mr.Kageyama communication among employees is necessary for completing tasks effectively and efficiently. Besides that he would like to practice such as quality management, just in time, concurrent engineering cannot be efficiently achieved the desired target without absence of adequate communications. So communication between NPD and shop floor can be understood as the process of exchanging information, knowledge, and ideas among employees. However, his dream is, in NPD or shop floor process, communication plays a crucial part in the idea generation stage which high demand innovation and creativity. It is essential to have diversity and complexity to increase information flows and gone more angles of the problem. In this organizational communication issues occur from NPD to shop floor process was missing information's such as problem history, equipment's qualification record, quality of material records, process records and other related to products. Due to the

communications issue, he found that the product transfer to shop floor from NPD found facing difficulty to get desired target or achieved by the responsible employees. Usually responsible employees are product engineers and his or her related themes such as line leaders, technicians and also designed manpower's. So this by solving this communications issue among NPD and shop floor, it ability improves or supports for the employees' performance by increasing productivity.

### ***3.2 Training and development:***

Mr.Kageyama as was faced with fierce competition, scare resources and rapid technologies' changes. This has meant that his organization able to be managed in such a way that not only is their immediate survival guaranteed but also their long term future development is ensured. So management plays an important role in the realization of these goals. In the field of training and development, it has been demonstrated clearly that the prevailing views concerning what an employee's job should constitute has been subject to change. Therefore, training and development plays an important part in achieving and required development objectives and the range of competencies, knowledge and skills which are necessary to meet effectively the training needs of those trainee employees for whose training they are held responsible. Both management trainers and their institution ought to be prepared to cope with the constant change in what is demanded of them, should they be interested in the survival and future development of their organization in the competitive environment in which they operate. So he would like at this organization, the important in employee development as a human resources intervention that affects employee's behavior has widely been accepted and investment in and recognition of employees is regarded as organizational care and appreciation of employees. Basically, as globalization it has made change focused both for employee and for this organization. Therefore, Mr.Kageyama would like this organization are required to recruit the right people, develop them through training and skill acquisition, and retain them to affect a positive change in the system. So at this organization, Mr.Kageyama found that the issue is that occur not only NPD and shop floor, under training and development was such as training was given to employees, but no proper continuous improvement, according to the current requirements of organizations and also less motivation to employees that though effect for their performance.

### ***3.3 Knowledge management (KM)& transfer:***

"Knowledge management" is something of a fad in today's business press. At the same time, it addresses key issues that can lead to success within organizations. According to Mr.Kageyama KM addressed how organizations can manage the knowledge embedded in its systems, and contained in the heads of its employees. It also systematically considers how advanced information technology can be used to leverage existing knowledge and create new knowledge. Knowledge transfer has always been a challenge for organizations. Its importance has grown in recent decades for three related reasons. First, knowledge appears to be an increasing proportion of many organizations total assets. Second, organizations have moved away from hierarchical methods of control toward more decentralized organizational structures and increased employee involvement. This has resulted in more creativity by frontline employees and subunits, but fewer obvious organizational paths through which the transfer can occur. Finally, advances in information technology have created new means of knowledge transfer. Innovations such as Lotus Notes, the Internet, and intranets all hold the potential for increased diffusion of innovations. However, technology alone cannot solve the problem of knowledge transfer; organizational structures and practices must facilitate and motivate transfers. However, knowledge residing in the heart of employees is one of the most

critical resources of a firm. It guarantees a firm's sustainable growth and competitive advantages in an unpredictable environment. However, an employee's natural tendency not to share his or her expertise with other members or adapt others' knowledge prevents firm from fully utilizing its knowledge. To overcome these obstacles, facilitating knowledge transfer among employees has been one of the fundamental themes of research in organizational learning and knowledge management. Besides that, knowledge transfer is defined as knowledge exchange of organizational knowledge between a source and a recipient unit and this motivating the source and recipient is critical in the success of knowledge transfer. However Mr.Kageyama reminds that, in Japanese organizations such as Shin-Etsu Malaysia, knowledge is often associated with learning. Learning and managing knowledge of both individuals and organizational plays a central role in the competitive edge of the firm. From an organizational perspective, learning describes a problem solving process targeted at fitting the gaps between the actual and potential performance. In addition, he advises a distinction should be made between individual and organizational learning; and between organizational learning and the concept of learning organizations. Organizational learning is focused, time framed activity aimed at developing a given set of skills or gaining a relatively narrowly targeted set knowledge. A learning organization transforms information into knowledge and disseminates the knowledge across organizational units by means of a systematic self-organizational mechanism, and thereby the overall self-order is supported. The learning, organizational idea is a perpetual organizational philosophy featuring principled learning as one of the key roles in the company. To differentiate knowledge transfer in Japanese multinationals from that in other organizations, one should first identify the distinguishing characteristics of Japanese multinationals, relative to knowledge management where is embedded in the Japanese organizational system as a consequence of other management approaches and methods. In contrast to western companies or other Asian firms, knowledge activities in Japanese organizations are a part of line management rather than top-down stimulated activities. However, it cannot be concluded that knowledge management issues are absent or that there are no knowledge workers within Japanese companies. Rather than reflecting the lack of KM, the absence of a formal knowledge management strategy in Japanese firms is indicative of the sign of relevant beliefs, attitudes and actions throughout all layers of the organization and all activities. The lack of formality and codification of a KM strategy resembles the approach taken to job descriptions- minimal and flexible-which enables spontaneity and more natural knowledge flows. A societal and firm related feature provides Japanese companies with a different perspective on knowledge management and transfer. So Mr.Kageyama found, KM and transfer issue, such as less knowledge of the process, identify as a problem that should be improved to overcome their performances. So he has issued that happen to NPD to shop floor is the knowledge basically about management and technical from NPD not found or less on the shop floor. This does not only happens in this organization, but occur other shop floor plant also. So Mr.Kageyama as General Manager of this organization having full responsibility to solve this issue.

### **3.4 Technologies:**

The implementation of technological innovations in organizational has effected of changes in the design and manufacturing or work. Some innovation in manufacturing as automated office, and widely published in manufacturing. How these technological advancements will effect of the employee performance, such as NPD or shop floor? According to Mr.Kageyama believes these scenarios occur due to the highly committed employees are more likely to relate themselves to the goal and value of the organization. These employees oftentimes

devote extra time to work and redesign issues in responding to external as well as internal business environments, many organizations have tried to maintain job effectiveness and efficiency by introducing new technologies among employees so that able improve their performance. In order to foster more committed workers to overcome problems such as complex job features, demanding customer needs, diverse work groups, and flatter organizational structures and so on. However, he found that employee commitment oftentimes is sabotaged by downsizing, business practice aimed at reducing overhead expenses with the goal of enhancing performance. In past decades, many high tech firms have been established in Japan. In most Japanese high tech firms, top management often wants to obtain even high performance through effective technological innovations. However, compared with their counterparts in market economies, the competitive advantages of these high tech firms are much more constrained by limited financial resources and limited technical and marketing capabilities. So at this Japanese firm technology innovation really supports for their desired target and objectives. So he found that the issue happens in the NPD transfer to shop floor is, the technology introduces not very clearly understand by the employees for that it indirectly minimize the performance of the employees. For example, in NPD, due to the low volume technology that used is just a simple process line where by sharing with another product as well. But once transfer to the shop floor, the product volume will be rapidly increasing. So that management introduces new technology that support for increasing quantity and quality of the product. Besides, that cost saving under manpower planning also considered. Within the short limit time, technology introduction employee unable to perform well because of less knowledge among them.

### **3.5 Behavior**

Mr.Kageyama believes that the organizational context is central to the study of employee behavior influenced as an understanding of how individual is organized. A prominent theme in the organizational analysis centre on the design of a system which will generate predictable and constructive participant's behavior and attitudes. So, according to him, employee behavior pattern can be shaped in desired directions through careful design of the organizational work setting. However, he feels that this organizational employee are confronted with a variety of stimuli, generated by their work environment, which they take into account in decisions regarding how to act. Thus, their work behavior and attitudes can be shaped fairly powerfully if one controls the appropriate stimuli and reinforces. The idea that behavior in organizations can be shaped through deliberate management of important work setting characteristics has important implications for organizational practitioners, as well as for Mr.Kageyama interested in planned organizational change. Since an organizational performance is a function of the aggregate behavior of its members, organizational improvement can occur only when a member's behavior of its members, he believes that organizational improvement can occur only when member's behavior change. So the process of planned organizational change requires a wide variety of organizational members to agree to behave differently. Because organizations are desired to promote a certain pattern of behavior, redesigning involves fundamental changes in how people behave and relate to another. Besides, that will need to affect behavior in the behaviors in the process of planned change has been noted previously, he founds that behavior measured in planning, organizational change research has typically been outcome behaviors such as turnover, absenteeism, and grievances. Individual performance, which he viewed as a summary measure of work behavior, has also commonly been measured. In contrast, he founds specific on the job behaviors have been assessed relatively infrequently. Since such job behaviors are

significant determinants of organizational effectiveness, his study focusing on the links between organizational characteristics and employee work behavior would contribute to better understanding of the dynamics through which planned organizational changes generates improvement in organizational functioning. So the behavior occurs that happen at NPD and shop floor, such as not following instruction that consider careless during handling product. Besides that, some employees didn't support for the department objectives and organizational objective also.

Evolve highlighted issues by Mr.Kageyama not only involve NPD or shop floor, but it's also happening in other departments as well. So he believes that, if able solve the issues, the method or actions taken able to be implemented ad other departments. Those five issues really having high contributions to the employee's performance at Shin-Etsu Malaysia. For the moment Mr.Kageyama unable solves the issue about organizational employee that related to their performances.

#### **4. SUGGESTED SOLUTION**

After few months Mr. Kageyama identified some problem at this organization, he makes a strategy to solve it by structure a team that involves some other related department managers. So he called Shin-Etsu Malaysia Human Resources manager Mr. Tan, Training and Development manager Ms. Normala and Production Manager Ms. Mintan to support Mr. Kageyama to solve the issue occur at NPD and shop floor during product transition

##### **4.1 Communication**

Communication identifies as one of the key points for the employee performance, especially in NPD and shop floor. According to Mr. Tan many actions or improvement carried out, but why doesn't this problem get solved? Ms. Mintan replied the most apparent reason is that urgent visible priority as ways trump invisible priorities. When an employee is up against goals, deadlines, and meeting, it's hard to stop and think about fixing infrastructure. In additionally she said that improving communication is rarely included on performance appraisals. And lastly, poor communication persists because managers or team leaders sometimes just don't see the problems it causes. And if the employees closest to the problems don't surface the issues in ways that matter, managers may know of the problems, but may not "feel" the problem enough to make it a priority. Any solution will need to address these kinds of issues.

So, here are a few suggestions by the team members to help employee improve communication at Shin-Etsu Malaysia:

##### **4.1.1 Schedule regular time to communicate (Mr. Tan)**

When a problem occurs as a result of poor communication, be sure to write a brief description of the problem, a list of a few possible consequences, and a proposed solution. Then find a "safe" moment to talk about it with a manager or team leader. His or her conversation may sound something like this: "I've noticed a communication issue that, if solved, would make the team more effective and I'd like to talk about it for a few minutes. Here in the local office, we often don't get information that allows us to set priorities on our projects. Because of this, we delay until we get the necessary information and then rush to finish the project on time. This causes a lot of stress and errors. I'm wondering if we can

schedule a weekly fifteen-minute call to review priorities and talk about any questions or communication issues that, if answered or solved, would help us be more productive.”

#### *4.1.2 Identify and share effective and ineffective behaviors (Mr. Tan)*

The second approach focuses on the behavior of individual managers and maybe even team members. Identify the behaviors that are working, not working, or missing on all levels. If he or she can identify them, step up to the conversation lead with an observation and a question. For example, “I’ve noticed that when one of the team members approaches you with a concern about the status of the project, you often brush it off until you feel you have time to address the problem. By then, it’s often too late and the project is far off course. Can we talk about this and see what can be done to make some improvements? It’s always best to start with their self and then move to the next person. If he or she run into resistance, share their intention—they are trying to improve communication so the team can be more effective.

#### *4.1.3 Obtain data by conducting a survey (Ms. Normala)*

One of the best ways to get the attention of managers and employees is to share data. In order to obtain sufficient and significant data, conduct a survey. A survey will help you identify the issues you need to work on as well as uncover solutions to the most important issues.

When creating your survey, start by asking these three questions:

- 1) What behaviors help us get our work done?
- 2) What behaviors hinder our work?
- 3) List specific suggestions for improving our work or our team.

#### *4.1.4 Use of a “Question Box” (Ms. Mintan)*

Many organizations have suggestion boxes placed around the organization and encourage employees to provide suggestions on how to improve processes or the work environment. Instead of looking for suggestions the question box provides an opportunity for employees to ask questions or request information. A virtual question box may also be used. A virtual question box is an online anonymous location where employees and managers can submit questions from any networked computer without physically dropping them in the publicly placed box. The key to success with this intervention is to take questions seriously and provide very prompt feedback. Meetings may be a good place to summarize the questions and provide answers when appropriate. Or, the questions and answers can be posted on a bulletin board.

#### *4.1.5 The “Ask me/tell me” program (Ms. Mintan)*

Instead of waiting for employees to seek out information, managers and supervisors can approach them directly and ask about employees’ informational needs. For example, most meetings in organizations end with the meeting leader asking if anyone has any questions. Encourage managers and supervisors to move that question at the beginning of each meeting. This simple switch tells employees that their questions and concerns are more important than the impending meeting agenda. By quickly responding to their concerns and informational needs, their perception of the communication concern in the organization will likely change. In order to keep the program going, it may be helpful to require managers and meeting leaders to schedule a time for “Ask me/Tell me” until it becomes part of the organizational culture.

#### *4.1.6 Create opportunities for more informal time for employees to interact with managers (Mr. Kageyama)*

Employees are often hesitant to interrupt their busy boss for small things such as information needs. Managers who provide opportunities for casual work conversation actually help employees feel needed and comfortable with sharing their information needs. To do this, managers should work alongside staff, take them to lunch, walk to their car after work together, etc. Initiating “water-cooler” conversations and fostering open communication through these informal means supplements communication that occurs through formal reporting lines.

#### *4.1.7 Try to improve the quality of meetings (Mr. Tan)*

Here are some general suggestions for how to run a better meeting. First, try to plan meetings well in advance to maximize efficiency. The meeting organizer should send out an agenda and supporting materials before the meeting. Assign time limits for discussion items on the agenda in order to avoid lengthy deviations from the meeting purpose. Second, make certain that clear ground rules are established for how meetings should run in the organization (e.g., no side conversations). Meetings with structure foster greater participation from attendees. Third, ask for feedback from meeting leaders and attendees on their overall satisfaction with meetings, the effectiveness of organizational meetings, as well as their ideas for improving the ground rules, agenda development, and attendee participation.

#### *4.1.8 Focus on the managers and supervisors who may need some general skill development in the area of communication (Mr. Kageyama)*

For those managers who need development in this area, the shelter can assign them a mentor/coach to provide advice and counsel? Or, send these individuals to a general supervisory training program which are readily available in most communities. The need for training in general management and communication topics is typically a high need for most. In addition to the above, managers should be encouraged to consider the following advice. First, often the best way to improve communication is by listening. By listening closely, avoiding interrupting others mid-sentence, asking clarifying questions, and repeating/summarizing what is said, confusion and misinterpretation can be avoided. Second, managers should ask employees questions and solicit their feedback to be sure communication is being understood. Third, managers and supervisors should make sure to find the time to provide feedback to their employees. Continuous positive and even negative but constructive performance feedback ensures that employees know where they stand. This is also a way of addressing issues before they become big problems.

### **4.2 Training and development:**

As a manager of this department, Ms. Normala knows the value of training and development programs bring to their organizations. But she also wants to ensure they’re receiving a high return on investment. By clearly understanding the trends emerging in their training and development programs, they’ll better position their companies to select the right targeted solutions to drive results, increase employee engagement, and increase innovation and productivity. So here some recommended solutions by the team members that able implement at organizations that able improve performance of employees.

#### *4.2.1 Ignite managers' passion to coach their employees (Mr. Kageyama).*

Historically, managers passed on knowledge, skills, and insights through coaching and mentoring. But in our more global, complex, and competitive world, the role of the manager has eroded. Managers are now overburdened with responsibilities. They can barely handle what they're directly measured on, let alone offer coaching and mentoring. Shin-Etsu Malaysia need to support and incentivize managers perform this work.

#### *4.2.2 Deal with the short-shelf life of learning and development needs (Ms. Normala).*

It used to be that what you learned was valuable for years, but now, knowledge and skills can become obsolete within months. This makes the need to learn rapidly and regularly more important than ever. This requires organizations to rethink how learning and development happens from a once-in-a-while activity, to a more continuous, ongoing campaign.

#### *4.2.3 Teach employees to own their career development (Ms. Mintan)*

Highly-structured, one-size-fits-all learning programs don't work anymore. Individuals must own, self-direct, and control their learning futures. Yet they can't do it alone, nor do you want them to. The development and growth of your talent is vital to your ongoing success, ability to innovate, and overall productivity.

#### *4.2.4 Provide flexible learning options (Mr. Tan)*

Telling employees they needed to engage in more learning and development activities with their already heavy workload often leaves them feeling overwhelmed and consumed by the question, "When and how will I find the time?" Companies must respond by adopting on-demand and mobile solutions that make learning opportunities more readily accessible for your employee.

#### *4.2.5 Serve the learning needs of more virtual teams (Mr. Kageyama).*

While most organizations have more employee working remotely and virtually, it does require more thought and creativity in how to train this segment of your workforce. This includes formal types of learning through courses, but also the informal mentoring and coaching channels. Just because employees are out of sight doesn't mean they get to be out-of-mind when it comes to learning and development.

#### *4.2.6 Build trust in organizational leadership (Mr. Tan).*

Employee craves transparency, openness, and honesty from their leaders. Unfortunately, business leaders continue to face issues of trust. According to his statement that support and by a survey by the American Psychological Association, one in four workers says they don't trust their employer, and only about half believe their employer is open and upfront with them. If leaders disengage or refuse to share their own ongoing learning journeys, how can they expect their people to enthusiastically pursue theirs? It's the old adage of "lead by example." If managers want employees to engage in learning and development, then they need to show that they are actively pursuing their own personal learning journeys as well.

#### *4.2.7 Match different learning options for different learning styles (Ms. Normala).*

With five generations actively in the workforce, organizations must restructure the way employees learn and the tools and activities they use to correctly match the different styles, preferences, and expectations of employees. For example, Millennial came of age using cell

phones, computers, and video game consoles, so they expect to use these technologies to support their learning activities.

#### ***4.3 Knowledge management and transfer:***

Mr. Kageyama recommend to build support for knowledge management is to conduct pilot the project among employees in NPD and shop floor who have the most to gain and would be the most open to sharing their knowledge. This will vary depending on the organization. It's also a good idea to involve the pilot a select group of influencers—employees who are well-respected by their peers and whose opinions are highly regarded in the organization. According to him, if both groups have good things to say about the knowledge management effort, their positive attitudes will go a long way toward convincing others of the merits of knowledge management.

A bit confusing Mr. Kageyama is to get employee to participate in the knowledge management effort, have to bake knowledge collection and dissemination into employees' everyday jobs. In other words, he would like to have to make it as easy for them to participate as possible. A lot of early knowledge management efforts failed because they added cumbersome steps to the jobs of already overworked employees. So when things got busy, workers just didn't bother with the extra steps. And since most people are already stretched so thin these days, they can't contemplate adding another layer onto their daily routine. The best knowledge management efforts don't seem like an effort.

Linking KM directly to job performance, creating a safe climate for people to share ideas and recognizing people who contribute to the KM effort, especially those people whose contributions impact the bottom line are also critical tactics for getting people to make KM a part of their day to day.

Finally, he creates incentive programs to motivate employees to share their knowledge. This can work, but the danger with incentive programs is that employees will participate solely to earn incentives, without regard to the quality or relevance of the information they contribute. Ideally, participation in KM should be its own reward. If KM doesn't make life easier for employees, it will fail.

This recommendation solution by Mr. Kageyama and his team how managers can encourage KM and transfer within NPD and shop floor in Shin-Etsu Malaysia through the use of training, incentives, organizational structures, and technology. Under each section, outline steps that will promote each of the stages of knowledge transfer outlined above.

##### ***4.3.1 Training: (Ms. Normala)***

According to Ms. Normala to effectively generate new ideas, employees need to be trained in problem solving, including an ability to think "outside the box." A typical program includes how to identify problems, prioritize, analyze root causes, identify possible countermeasures, implement the solution, and check whether the solution actually works. Shin-Etsu Malaysia must also provide employee information on the business and its environment so their ideas are appropriate. In addition, employees need modern organizational skills such as how to work effectively as a team. To share articulated or explicit knowledge, workers need to be literate in the languages in which ideas are expressed in their work. In addition to spoken and written language such as English, this may involve high-order "literacy" in more technical

languages such as blue prints or statistics. Managers and employee must be trained to evaluate new ideas. Just as importantly, they must be trained in systematically understanding what evidence should be convincing for example, the difference between correlation and causality, and the problems of small samples. As everyone who has ever studied statistics knows and especially everyone who has ever taught it, these basic concepts are often difficult to apply in practice. Once these basics have been mastered, formal procedures such as statistical process control and the design of experiments can be useful in creating new knowledge. Importantly, for most employees and managers, statistical and problem-solving training will usually be more effective if it is coupled with resolving an actual problem, instead of classroom training in statistics. Training employee to both disseminate and adopt new ideas may revolve around making them aware of where else in the organization their ideas may be useful and where else ideas may arrive from. Employee must also know how to use technology to post and search for new ideas. A receiver's ability to understand an idea, "absorptive capacity", can be a barrier. This can only be resolved through increasing the worker's own knowledge base, requiring an increased emphasis on substantive ongoing education and training. One difficulty with existing training efforts is their lack of integration. To be most effective, training on creativity should include designing solutions that include opportunities for validation and dissemination of ideas.

#### *4.3.2 Incentives: (Mr. Kageyama)*

As Mr. Kageyama suggestion to create an environment that encourages the generation of new ideas, managers should consider the following policies: incentive pay for ideas generated by groups or individuals; no layoffs for productivity improvements that follow from new ideas; job duties that include tinkering; permitting or encouraging evaluations that are well-conceived but fail; and giving credit to employees who generate new ideas. Employees are most likely to spend energy sharing what they know if they are in a single workplace with group incentives. Thus, extra incentives can be helpful when employees are in different units without common objectives. Both monetary rewards and recognition can prompt employee to be more open with information and can create corporate cultures in which sharing of information is valued. Managers can also be rewarded for subordinate's participation. For example, at Shin-Etsu Malaysia first-level supervisor's job evaluation depends in part on their subordinate's participation in the suggestion program. In order to encourage not only sharing but also evaluation and dissemination of ideas, knowledge-creating divisions must be rewarded for creating knowledge that other divisions use. Corporate headquarters cannot monitor the value of the knowledge transfer between units, or even whether any knowledge is shared. Knowledge-creating divisions face costs of creating an idea, posting it to the corporate computer network, posting it carefully for example, avoiding division-specific jargon, being complete, creating helpful keywords, providing appropriate pointers to people who can supplement the report, and helping the knowledge-using unit implement the idea. One idea is to pay for each posted idea. This promotes quantity but not quality of ideas and provides no incentive for idea creators to help adopters in implementation. A more complex alternative is to pay for the measured quality of each idea. This provides better incentives for quality ideas but is expensive due to the costs of evaluation. In addition, there is still no incentive for idea generators to help adopters. A third alternative is to pay bonuses based on knowledge-using units claimed results. Variants on this process include having knowledge-using units nominate knowledge-creating units for internal awards, or giving each knowledge-using unit a fixed number of prizes it can award to knowledge-creating units that help it out. Adoption depends in part on validation because ideas that are clearly effective are

more likely to be adopted. But even effective ideas are sometimes not adopted and there are several psychological reasons for this. Potential adopters may find it hard to believe that one's own ideas are not better than those from elsewhere. In addition, many people find it difficult to see the applicability of ideas from elsewhere because understanding how ideas can work in new contexts can be difficult to perceive. Finally, it can be embarrassing to say others did it better since rewards typically go to "can do" people. These tendencies may be reduced if people are exposed to lots of stories of stolen, adopted, and adapted ideas, and of those using these techniques are acknowledged and rewarded.

#### *4.3.3 Structures (Mr. Tan)*

According to Mr. Tan the most important structural component that encourages creativity or idea generation is often providing time to experiment and tinker. This may run counter to other productivity measures that emphasize efficiency. Also, formal employee involvement structures such as brainstorming, suggestion programs, quality circles, and self-directing teams support both creating and sharing knowledge. Employees need the power and the responsibility to make improvements. Another key element is to make the knowledge explicit. This Japanese firm stresses the importance of formalizing knowledge, turning it from tacit to explicit. At the same time, this same firms often stresses the importance of being "on site" so one can use most of the five senses to understand a problem. To promote evaluation, organization must institutionalize means of learning from past experience: "Organization management must review their successes and failures, assess them systematically, and record the lessons in a form that employees find open and accessible. Despite the current emphasis on technology and new methods of idea transmission, much knowledge remains tacit and is most efficiently transmitted in person, renewing the importance of decidedly low-tech practices including job rotation across units, cross-functional meetings, cross-unit or cross-group meetings and mentoring, training, and free time during coffee breaks.

#### **4.4 Technology:**

Some examples of questions in Mr. Kageyama mind are what technologies support knowledge transfer? How can we integrate new technologies such as Intranets, groupware, the Internet, with other managerial practices? One way in which technology may promote idea generation is through its ability to provide information, including real-time tracking of results, and communication with customers. Technology helps the quick evaluation of new ideas by capturing actions and transactions and computing their effectiveness. Personal computers can assist through the use of statistics. Technology can help with the dissemination of ideas by making it easier to target appropriate recipients such as:

- a group defined formally by a common product, job title, or project
- a group formed by management
- An ad hoc group formed by workers such as a mailing list, with either public or private membership.

According to him most everyone can agree that manufacturing productivity can be traced to an organization's ability to successfully execute on overall strategy. What else ensures industrial business success? Its need engaged and highly productive employees executing on goals that are aligned with the organization's strategic objectives. Using technology to maximize his productivity creates the platform to realize true success. Increased business productivity can be traced to the automation of processes, allowing for faster communication of strategy, increased time spent on strategic priorities and greater project completion

rates. The following are additional ways would like to introduce by Mr. Kageyama to productivity software drives business processes more efficiently to gain optimal results:

#### *4.4.1 Create an open and communicative environment.*

By centrally locating the performance appraisal information within a formal online framework, managers can more easily communicate operational strategy and create measurable goals for their employees that will support overall company objectives. It also allows for greater visibility, thereby allowing employees to see the whole picture and understand better how individual goals fit into the company's business objectives. This creates energized and engaged employees, thereby raising the business productivity of the company.

#### *4.4.2 Connect teams virtually within the company.*

Create employee portals and team sites to help people work productively across the organization, no matter what location or team. It will eliminate "corporate silos" that effectively cut off communication because employees can utilize technology to reach out to others working on similar projects or find experts to answer their questions throughout the organization.

#### *4.4.3 Motivate your employees using technology.*

Based upon the information gathered in an online performance evaluation, managers can compare current skills with those required for advancement or other recognition or reward opportunities that present themselves as the manager tracks progress on employee goals throughout the year. He may also find his needs to redirect employees to different departments if he feels their productivity could increase elsewhere. If there are impediments to better performance, the company should review why it is happening and try to eliminate these through better allocation of resources or additional training.

#### *4.4.4 Analyze performance.*

Today's technology provides advanced reporting and operational analysis capability to help he gain a deep understanding of business performance, customer preferences, and market trends. And, his executives and business managers can access performance metrics and analytical reports and use this information to work together to set or redesign strategy.

### **4.5 Behavior**

According to Mr. Tan an important part of every manager's job is to guide employees toward activities that will help them make progress in their jobs, and away from activities that will derail them and negatively affect the organization. Through feedback and an effective rewards program (which may include, in some instances, punishment), managers can assist employees in getting to the best outcomes for their own careers and contributing to the performance of the organization. Behavior modification is a method for encouraging employees to behave in ways that are considered desirable, and discouraging them from behaving in ways considered undesirable. It involves the variation of consequences resulting from a target behavior (contingent consequences). Consequences that strengthen a behavior are called reinforcement; consequences that weaken a behavior are called punishment. Positive reinforcement involves giving employees something they value, for example, praising them for a job well done. By contrast, negative reinforcement involves taking away something that employees do not like, such as taking away probationary

employment status. Punishment also takes two forms: creating a negative consequence for employees (for example, a manager reprimanding an employee for arriving late to an important meeting); or taking something positive away (for example, a manager taking away the employee's company car in the face of evidence that the employee used the company car, provided exclusively for business travel, for personal use). Employees respond best to positive reinforcement (rewards). Rewards strengthen a behavior when employees see a strong connection between a specific behavior and a certain reward. To get the best results, managers need to clearly identify good performance in behavioral terms and reward those employees who engage in these specific behaviors.

To improve performance:

- Conduct training sessions to inform employees of the antecedents, behaviors, and consequences of the program. Identify a time frame and feedback methods.
- Give employees regular and helpful feedback as they embark on the process of behavior change.
- At the time specified, measure the target behaviors again and implement the program of rewards.

In addition Mr. Tan advised, that if outstanding customer service is the goal, a manager needs to tell employees what this looks like. Is it zero customer complaints in that quarter? Is it positive customer satisfaction surveys? What rating is considered positive on a five-point scale? Some managers may be happy with 4 out of 5 on the five-point scale, while others may only reward employees who receive 5 out of 5. Another consideration is how to respond to employees who receive customer complaints each quarter or who fail to meet standards on a continuous basis. For such employees, the manager needs to move to punishment, starting with reprimands, and then moving to a write-up, and so forth. Again, for punishment to be effective, employees need to see a strong connection between the behavior and the punishment. Moreover, the manager needs to work with these underperforming employees to help them see what they are doing wrong and what they should be doing instead. The poor behavior needs to be specifically identified and the employee needs to be redirected to another, more desirable behavior. In addition to the type of reinforcement or punishment, attention needs to be given to its timing in terms of having an impact on behavior modification. Intermittent schedules of reinforcement can be based on a fixed or variable number of responses or on a time period. Fixed-ratio and fixed-interval schedules of rewards and punishment are important when employees rely on the consequence a great example is an employee's base pay. For examples, Kamal is paid RM2 for each unit he produces; Nora is paid a salary for every two weeks of work. When they were newly hired, these pay schemes motivated both Kamal and Nora to perform at their highest level. However, three years into their employment, they have each become accustomed to performing at a certain level and receiving a set amount of pay. Their manager notices that for each, performance is at a plateau. At this time, it is necessary to layer in a system of intermittent rewards to boost performance to a higher level. The manager could set a challenging goal for Kamal's department, with each employee who meets the production goal in that quarter receiving a bonus. For Nora, the manager could praise her for her punctuality in getting things completed and give her movie tickets as a fun reward.

As an overall conclusion based on the suggested solutions by Mr. Kageyama and his teammate, might be helpful for this organization to improve employee performances at NPD and shop floor. However, not all suggested solution can be implemented at once, but can be

take a period of time for implemented that suitable for this organization. Besides that this solution may be implemented for similar organization, especially Japanese background.

## 5. CONCLUSION

As a conclusion Mr. Kageyama and his team, after going through analysis of this organizational issues and some recommendations can say that the issue also having interaction among them to support employees' performance in NPD and also shop floor. Besides that these may be implemented at other department or organization also. As a summary, communication cannot be left to chance.

According to Mr. Tan, the easiest way to solve many of these problems is to schedule regular time to communicate about what is and what is not working. In their experience, the first issues to surface will be safe, simple, less-controversial issues. However, he advises that, once leaders show they are committed to the process, the real problems will surface and improvements can be made. This process reinforces a key finding of this organizational problem. The difference between the good and the great is how rapidly and respectfully problems are resolved. Generally speaking, employees want to be appreciated for their hard work. With employees working at their highest capabilities and their business aligned from top-to-bottom, they will be creating a workforce that is engaged, productive and loyal. Feeling valued is the key to employee loyalty which leads to greater business productivity. However, they worry a lot about promoting creativity and innovation, but, in many cases, useful ideas already exist in some form. The key is to capture the existing knowledge from within, and outside, the organization and adopt those ideas that are relevant. These solutions steps through five stages of knowledge transfer: creation, sharing, evaluation, dissemination, and adoption.

According to Ms. Normala, in order Shin-Etsu Malaysia to be a true "learning organization", it must acknowledge the importance of all phases of knowledge creation and transfer and endeavor to create a culture of sharing and continuous improvement. Focusing on some stages, but not others is less effective than moving along with all stages in an integrated fashion. She advises that creating knowledge, but not sharing it, or finding that other groups cannot learn it, makes knowledge creation less relevant. If knowledge is transferred successfully, but not first validated, then lots of costly fads will sweep companies. Finally, true integration involves self-reflection doing cost-benefit and cost-effectiveness analysis, and continuous improvement of the learning and knowledge processes.

Mr. Tan briefing that, behavior modification has been shown to improve job performance, promote safe behaviors, reduce accidents, improve customer service, and assist employees in identifying and improving on a range of more functional behaviors in the workplace. For example, NPD employee has successfully implemented more effective process techniques, manufacturing employees have raised their productivity levels, and customer service representatives have improved the level of support provided to customers. He advises that, these guides may be implemented at other department and also organization. First must view this as a valuable tool, not as an evil which employee views measurement systems from at least two different perspectives. When used constructively, they see a measurement system as a helpful feedback tool that provides information to managers and employees about how well they are doing in reaching their goals and where they might have room for improvement. It also provides information on which to base awards and recognition. When used poorly, however, they see a measurement system as a punishing club with which to hit them over the

head if the numbers or results are bad. Managers and employees must trust that the measurement system is beneficial to them and the organization; otherwise, the temptation to game the numbers to avoid discipline will overwhelm them. The second is an acceptance of the performance measurement process is essential to its success, meaning that involving employees in the development of the elements and standards included in the performance plan is an excellent way to clarify expectations and measurement terminology. An active employee participation in creating valid measures that accurately reflect performance decreases the possibility that employees may feel manipulated through the measurement system. Third is measuring what is important- not what is easy to measure. It is easy to count the number of days since a project began, but if that is all that management measure is that enough information to assess performance? No, probably not. Or if, for example, a customer service team only measures the number of calls that come into the team and does not attempt to measure customer satisfaction with its service the team does not have complete information about its performance and has no idea how well it is serving its customers. In addition, because what gets measured gets done, the team will probably focus on how it can increase the number of calls it receives and ignore the quality of service it provides. As a result, organizations need to anticipate the behavior and unintended consequences of measuring performance.

According to Mr. Tan advises Shin-Etsu Malaysia should develop employee performance plans that flexible enough to allow for changes in program goals to keep process credible. Do not design performance plans that are set in concrete; build in flexibility so management can adjust them as program goals and work assignments change. Even though employees must work at least a minimum period of time on elements and standards before they receive performance ratings, the agency minimum appraisal period, usually provides enough time during the appraisal period for changes in elements and standards. Fifth, rely on multiple measures and don't rely on a single measure. As example he requests to remember the story of the three blind men who went for a walk and came across an elephant? One felt the animal's trunk and claimed that the elephant was like a large snake. Another explored the elephant's leg and claimed that the elephant was like a big tree trunk. The third blind man touched the elephant's side and said that the elephant was like a tall, wide wall. All three of them were right, but all of them were wrong. Each one was relying on only one measure from one perspective. If the measures had been used together, the three men would have had a more accurate picture of the elephant. Sixth is employee should perceive that performance measurement is important because in many organizations, employees have been exposed to a variety of management fads that seem to appear and then fade away as the next fad takes its place. Employees need to know that management is serious and committed to measuring and improving performance.

As a final recommendation from Mr. Kageyama and his improvement team towards top management is management should demonstrate that performance is critical to organizational and individual success. Closely related to the previous principle, this principle observes that not only should employees perceive that performance measurement is important, but also management must demonstrate that performance matters. When management tolerated poor performance in the past and employees see that the new measurement system has not changed the situation, employees know that performance is not important, despite the new system.

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