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The Impact of Divergence in Internal Business Practices on Improving Productivity: The Case of Ceylon Tobacco Company

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Abstract

In a globalized context, business organizations are very much committed towards improving productivity of its core business activities. In this process, industrial relations, training and development and socio-cultural interactions are timely important when organizations are practicing business downsizing and new technology to improve productivity. As a consequence of this, surplus labour force may have to be reduced and it may generate an unfavourable impact on the performance through the survivor syndrome and trade union influences. This study addressed the above issue using the case of Ceylon Tobacco Company (CTC) - a multinational affiliate in Sri Lanka and suggests that, when the organizational culture is characterized with high power distance, high uncertainty avoidance, and collectivism, the management has to progressively maintain human relations, training and development and socio-cultural interactions within the organizational context with collaboration of its employees.

Keywords: Improving Productivity, Business Downsizing, Labour Force Reduction, Industrial Relations

1. Introduction

Globalization of business with the integration of economies and trade liberalization has become more vital for all economies and business organizations. Hence, the need to change has increased at an accelerated pace. This has resulted in many organizations to undergo many restructuring activities in order to enhance productivity, customer service, shareholder value, and faster and smoother decision making (Sahdev, 2003). According to Smith (2002), the use of new management practices (NMPs) such as total quality management (TQM), teamwork, lean production, business process re-engineering (BPR) and learning organization is often traced back to the introduction of scientific management by Frederick Taylor in the early 20th century for improving productivity. In order to

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accomplish this, the management of any organization (irrespective of the type, size and nature) should first address the constructs such as attitudes, motivation, learning, perception, and so forth to improve productivity scientifically with organizational change or restructuring. In the process of improving productivity through introducing an organizational restructuring, industrial relations (IR), and training and development (T&D) functions of that organization play a vital role (Kato & Morishima, 2002; Yadapadithaya, 2001; Zwick, 2006). Therefore, studying the aforementioned behavioural practices in order to improve the productivity of an organization is of timely importance.

As explained above, organizations may improve their productivity by controlling the input, output or both comparatively. Importantly, organizations such as monopolistic firms with restrictions on controlling the 'output' should use 'input mechanism' in satisfying the so-called productivity improvement. Ceylon Tobacco Company (CTC) - the Sri Lankan monopolistic subsidiary of British American Tobacco (BAT) was suffering with the lowest productivity of 2,000 cigarettes per man-hour (CPMH), from 1,800 employees during late 1980s. In the above process of improving productivity by controlling the 'input' through organizational restructuring, CTC has identified that the only possible solution is to decrease the amount of man-hours by reducing the surplus labour force. Therefore, management of both the Mother Company and the subsidiary has designed a conducive rationalization to reduce the labour force by downsizing non-core business activities and replacing production labour force with new technology.

Although there is a rationale in the above solution, it is quite questionable and debatable in implementing it in Sri Lankan context because of three major reasons. Firstly, according to the World Bank's survey results¹ in 2007, Sri Lanka is a leading country in terms of protecting its employees' rights and hence employers have to meet a massive compensation when firing a worker. Secondly, as far as behaviour of trade unions (TU) in Sri Lanka is concerned, those are considerably aggressive in employment-related issues. Finally, this labour force reduction may result in a negative productivity improvement by affecting the remaining employees through the survivor syndrome, as they may feel that they are having the same possibility of being fired (Sahdev, 2003).

By 2006, the CTC was running with 360 employees and has managed to increase the productivity up to 13,700 CPMH. This issue of productivity improvement generated the problem to be researched. More specifically, in a context of employee-protecting-legal-framework and aggressive TU practices, how did CTC managed to reduce its labour force, while preventing any adverse impacts on its output by eliminating the survivor syndrome.

Accordingly, this study was designed to address how does the organization managed to improve productivity through labour force reduction despite the above mentioned limitations. This problem was solved by questioning two fundamental internal business practices (IR and T&D) along with the existing organizational culture. Firstly, the divergent practice of IR and T&D that exceeded its intrinsic boundaries, legal framework, TU practices and survivor syndrome, was questioned. Subsequently, the contribution of the organizational socio-cultural interactions (SCI) was explored.

2. Literature Review

Multinational firms operate simultaneously in various countries and labour markets. The diffusion of employment practices within multinational firms has been at the centre of the field of industrial relations (IR) and human resources management (HRM). According to Kahancova & Meer (2006),

¹ Doing Business in South Asia - 2007, World Bank Publication.

different multinational firms can be viewed as innovators, adaptors or reverse diffusers of employment practices. The strategic behaviour of the firm co-exists with national institutional frameworks of the host country to shape influences upon the diffusion of employment practices from the corporate level (Pulignano, 2006).

Successful implementation and usage of manufacturing practices has neither resulted with radical or innovative technologies nor processes and practices. It may require different types of soft issues such as organization's cultural orientations and beliefs (Nahm, Vonderembse, & Koufteros, 2004). As multinational firms operate in a culturally diverse environment, their HRM practices, such as employee selection, career planning, performance appraisal, and compensation policies should be adapted to fit specific countries and their cultures. In some cultures, career management systems represent formal, long-term human resource plans (Tregaskis et al., 2001). As found by Michie & Quinn (2001), 'high-road' work practices, 'high commitment' organizations or 'transformed' workplaces are positively correlated with good corporate performance.

Accordingly, multinationals are now very much keen on HRD activities in their subsidiaries. HRD practice in this context refers to organizational mechanisms used to support the training and development of individuals. Multinationals adapt their HRD practices to accommodate national differences, but these adaptations do not reflect convergence to domestic practice. The results also indicate that multinationals are selective in the HRD practices that are adapted (Tregaskis et al., 2001; Bartlett et al., 2002). Accordingly, two types of HRM practices can be identified. Firstly, HRM practices such as, staffing, training and development, compensation management, performance evaluation are affecting ability and motivation of knowledge receivers. Secondly, HRM practices supporting learning environment that included corporate socialization mechanisms and flexible working practices. HRD practices are shaped to a certain extent by organization-specific characteristics. Country differences in career traditions and labour market skill needs are key drivers in the localization of associated HRD practices. In contrast, multinational firms, irrespective of their national contexts, adopt comparable systematic training frameworks i.e. training need identification, evaluation and delivery (Tregaskis et al., 2001).

As and when there is an organizational restructuring with business downsizing and introducing new technology, workforce reduction is a crystal-clear phenomenon. When there is such an activity carried forward within an organization, the performance or the productivity of existing employees may be unfavourably affected through their attitudes, due to lack of job security assurance. Therefore, the benefit or cost saving from workforce reduction may be offset by the impact of negative attitudes of survivors known as survivor syndrome, on their performance (Sahdev, 2003). Individuals prefer to work in companies that do not have employment-at-will policies. A range of interventions needs to take place to minimize the negative effects of downsizing. The existing literature recommends personal development interventions such as counselling, training and transition management workshops, culture, etc. Sufficient concern through the level of compensation awarded to the victims can moderate the negative impact of downsizing on survivors and otherwise, there is a tendency to generalize survivors' reactions as being made up of a medley of emotions such as anger, bitterness, guilt, insecurity and mistrust (Sahdev 2003; Mueller & Liao 2006). Many organizations take specific steps such as assistance, participation, and communication to ensure that downsizing has as little negative impact on employees as possible. Increasing assistance, participation, and communication are been advocated as methods to increase employee satisfaction and commitment during the workforce-reduction process (Mueller & Liao, 2006).

In such a situation, various scholars have identified in the recent past that the importance and aggressiveness of TUs are considerably being downsized due to various reasons. Slaughter (2007) has mentioned that unionism is gradually declined due to the influence of globalization. Further, he has especially identified that foreign direct investment (FDI) activity can raise firms' elasticity of labour demand and can thereby reduce labour's bargaining power for increases in employment, job security or preventing plant closings in the face of declining overall demand. Workers are also less likely to support unions, which may mean less success in organizing drives of non-unionized facilities or even decertification of unionized facilities. A broader testable implication of this evidence is that greater global pressures may reduce union coverage. According to him, international investment may be the dimension of globalization that is particularly threatening to the bargaining position of labour in industrial relations. Kuruvilla and Erickson (2002) have stated that though there were rigid IR practices in the past, within the last couple of decades Asian countries have maintained peace and stability in employee practices through functional flexibility. Friedman et al. (2006) identified that, employees are seeking and getting the membership of TUs with their work attitudes and perceptions but they tend to leave those because of economic matters.

Chuma (2002) explains three major reasons as to why it is more difficult to reduce labour force from Japanese organizations than others: first, the increase in the number of baby boomers; second, the expansion of life-time employment practices; and third, government's low employment security. Conversely, Kryvoi (2007) explains that there is a vast disparity between labour and capital in multinational companies (MNC). According to him MNCs are enjoying much flexibility in employee related activities as they are holding a limited liability over employee relations, local governments and also because TUs are having barriers to sue against MNCs.

Gollan et al. (2006), and Kato and Morishima (2002) pointed out that until employees are used in top level and grassroots level decision making through enhancing communication with them, their efforts towards the organizational goals will be stagnated. Francesconi and Serrano (2004) identified that, as long as flexible employment practices (temporary or part-time workers) are being used by organizations, there will be no adverse effects from TUs. As far as the communication with TUs is concerned, Clark (1988) has revealed a vital issue related to TUs and technological change. He mentioned that, as there is an organizational change in terms of introducing new technology, there should be a 'negotiation' among managers, TU representatives and workgroups on the rules governing work and employment.

If a foreign affiliated firm is trying to establish its own culture in the host country, the ultimate result may be employee resistance and high turnover, as culture is stimulating employees and their activities to a greater extent. In other words cultural dimensions, however, affect all organizations, managers and co-workers in all their activities. Hofstede (1983) identified four dimensions of culture which are very much related to values in the workplace. First, the 'power distance' dimension focuses on how a society deals with the fact that people are unequal in terms of physical and intellectual capabilities. In this circumstance, low acceptance of power distance may be expected. Preferred management styles may be more democratic and collaborative (Hofstede, 1983; Gray & Marshall, 1998). Second, the 'individualism vs. collectivism' dimension focuses on the relationship between the individual and his or her fellows. Therefore work-place culture probably will be a group or team effort. But, countries with highly democratized economies are accepting individual freedom over collective efforts; hence, work-place employees may probably determine their own path individually. Further, countries with individualistic cultures are much keen on developing their entrepreneurial activities. Third, the 'uncertainty avoidance' dimension measures the extent to which different cultures socialize

their members into accepting ambiguous situations and tolerating uncertainty. In some societies, individuals are highly risk-averse and seek well-defined tasks to avoid uncertainty. In contrast, individuals in some other societies with interdependence based on occupational specialization and technical expertise may accept and even prefer ambiguously defined work roles in which individual autonomy and unstructured decision making is required. Fourth, the ‘masculinity vs. femininity’ dimension looks at the relationship between gender and work roles.

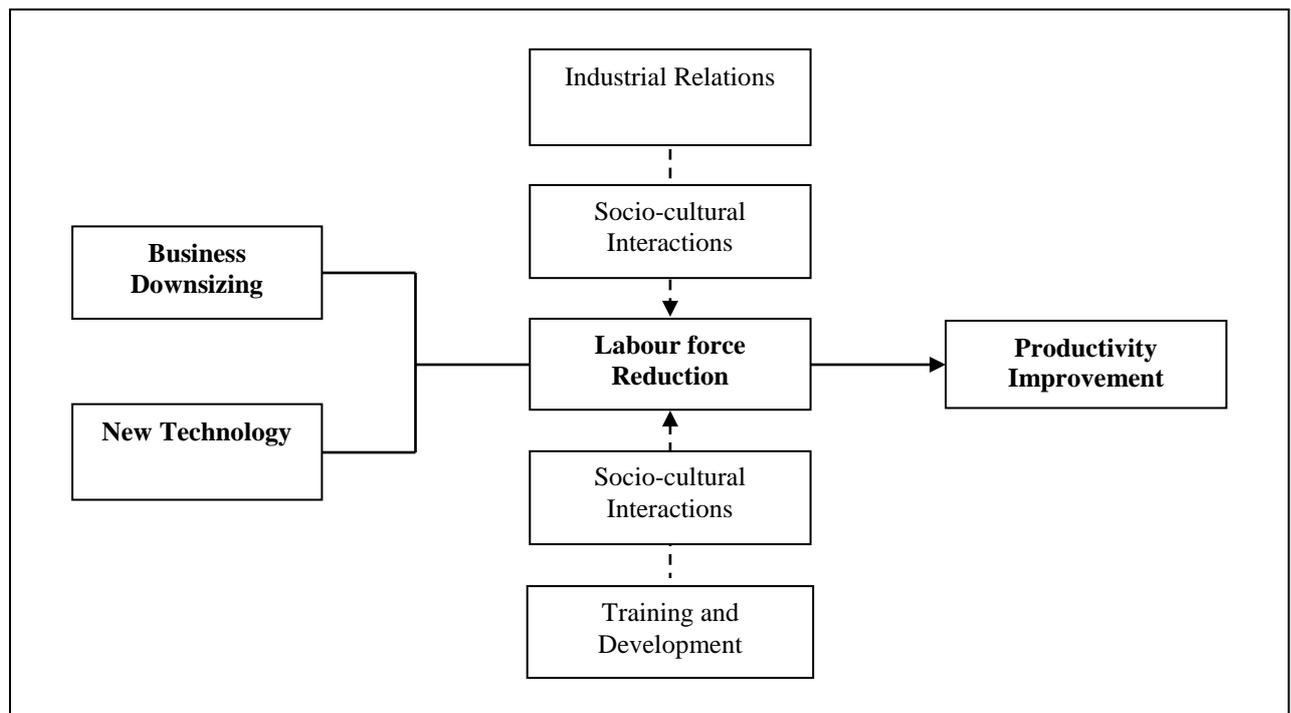
3. Research Design and Methods

This section presents the conceptualisation of the study and the methodology adopted in data collection and analysis.

3.1 Conceptualization of the Problem

According to the identified problem, the study was conceptualized to implement the scope and boundaries as depicted in Figure 1. The causal relationship was identified as productivity improvement by downsizing its non-core business activities and partial replacement of its labour force with new technology.

Figure 1: Conceptual Framework



This relationship has been mediated by labour force reduction. Further, as illustrated in the model unless the divergent practices of IR and T&D mediated by Socio-cultural Interactions (SCI) within the organizational context supported the process of labour force reduction, it would have no positive consequences on improving productivity.

Therefore in this study, it is argued that IR and T&D have an impact through SCI on labour force reduction to progressively maintain the causal relationship between business downsizing and new technology with productivity improvement.

3.2 Data Sources and Sampling

The relationships of above constructs were traced using the qualitative approach as the behavioural aspect of the constructs was examined. As far as qualitative research paradigm is concerned sampling issues are much critical and debatable as it is more distinctive and varied than that of quantitative research paradigm. The issue of generalizability is the key distinguishing factor between qualitative and quantitative research. Therefore, the type of sampling method employed is determined by the methodology selected and the topic under investigation, but not by the need to create statistically generalizable findings. Therefore, interviews, direct and participant observation, documents and archival records, and physical artifacts were used as sources of evidence.

The first data unit to gather primary data was the lower level / operational workers by using unstructured interviews. For this category ten employees from 140 production workers were used who differ from one another in terms of work experience. When this certain sample is selected, a combination of four sampling techniques in qualitative research was used. First was the 'convenience sampling' as it was very difficult to access the organizational premises. Second, the method of 'purposive sampling' was adopted in order to include employees those who had specific characteristics or features relevant to the study. In this study, it was required to purposely select employees those who were in the organization during the crisis period where the restructuring was initiated. Third, as and when above two methods were being applied, those were backed by 'opportunistic (snowball or nominated) sampling' in which, one employee recommended and facilitated in the process of being connected with another employee were interviewed. Finally, the 'theoretical sampling' was applied until the saturation achieved. Ethnographic methodology was applied as the targeted sample units were given the opportunity to talk without the interference of the researcher.

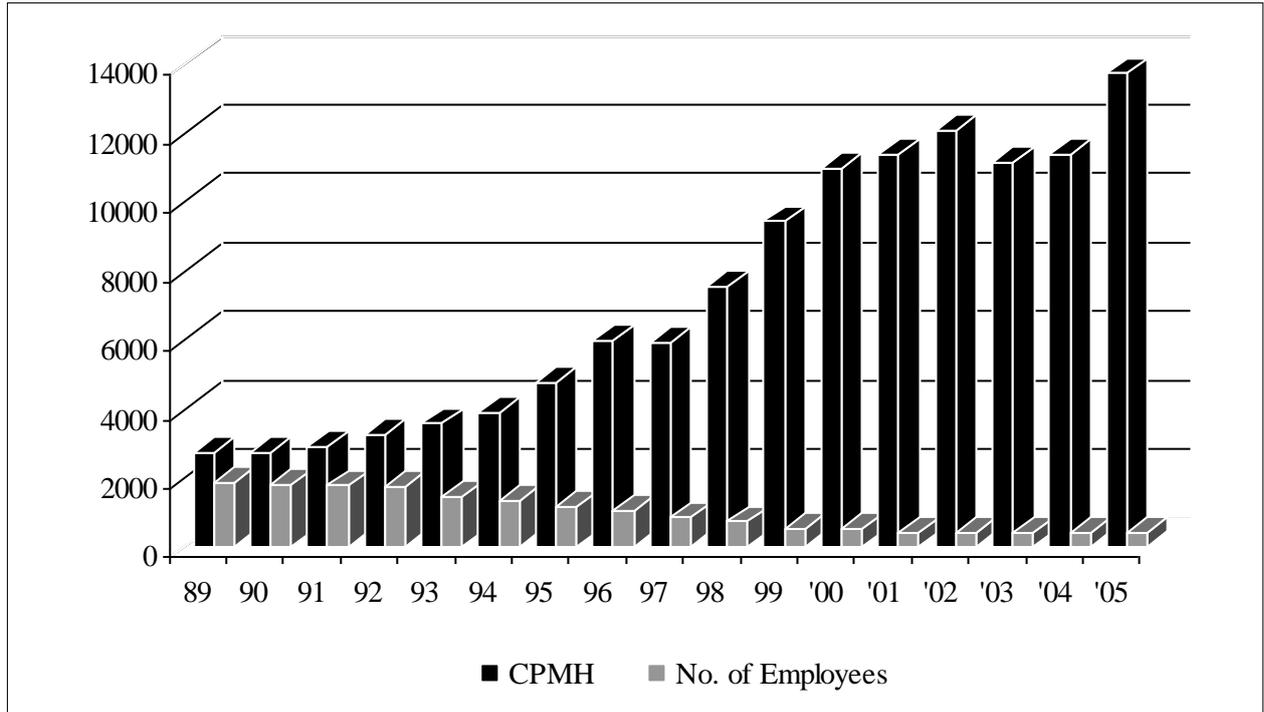
The second category to gather primary data was the managerial level. This source of data collection was very important in terms of two aspects. One is, to gather data which are unknown to the employees. And the other is, to maintain a cross-clarification. Under this category, all the managers who were under each major internal functions of the study have been used. That is, the Operations Manager, Training and Development Manager, and the Industrial Relations Manager.

The analysis was carried out in three different but interrelated dimensions. As the case study was the main data source, the main analysis was done from the primary data gathered. Secondary data or information is also used as an additional analytical input. Further, primary data was accompanied and supported by various theories and concepts, which was related, and already in the existing knowledge. In the process of data analysis of this study, theories and concepts such as Diminishing Marginal Productivity of Labour, Hofstede's Model of organizational Culture, The Competing Values Framework (CVF) of Organizational Analysis, and The Model for the Context of Downsizing were applied.

4. Data and Discussion

In 1989 as there were around 1,800 labour force, the productivity level was 2,000 CPMH that was remarkably lower than other subsidiaries of the company in the world and the benchmark which was 20,000 CPMH.

Figure 2: Labour Force and Productivity



Source: Production Function, CTC

After introducing the organizational restructuring programme with the intension of reducing the surplus labour force, it had been increased up to 13,700 CPMH in 2006 with just 360 employees (Figure 2). But, still the company is far behind the benchmark of the mother company and the major motive for on-going workforce reduction is to achieve that requirement within next three years by reducing 16 employees per year.

Year 1989, in which the restructuring process took place at CTC; had been much crucial not only for the company but also for the country as well due to the undergone social and political informalities within the country. In that particular year political attention towards TUs in organizations were remarkably high and sharp. Government has tried to control these TUs' political activities both in formal and informal ways. As interviewed employees at CTC pointed out, their TU was one of the few strongest and aggressive TUs in that period in the country.

In 2006 the labour productivity has been 13,700 CPM and in accordance with the tendency it will not be a dream for CTC to improve it up to 20,000 CPM within the next 3 years which is their core achievement listed out for the recent future. In order to achieve this level as the management explained, the major treatment is the continuation of labour force reduction.

4.1 Industrial Relations (IR) and Employment Practices at CTC

As far as a business organization (irrespective of the type) and its management are concerned employees, employer-employee relations and employee costs are the most critical and significant. Especially, industrial relations in a business organization which is originated abroad and functions in different country settings are much worthwhile to be both observed and investigated.

At CTC, the IR function is quite debatable due to some unusual and informal practices which are much divergent from that of other organizations, in particular from the private sector. As pointed out

by the IR manager at CTC, the IR department is much keen on several issues such as external and internal environment influences and some other challenges.

As revealed by sampled employees those who have being at CTC since the period before 1989, the relationship between the management and the lower levels before 1989 was poor and aggressive, and the loss of man-hours due to disputes between the management and employees have been quite adverse. What they pointed out as the reason was 'management discrimination'. That is, as most of the managers were appointed according to the political and social background, they were lacking knowledge, flexibility and commitment. As a result of this, the attitudes and perception of employees regarding the company were significantly unfavourable. Meanwhile, as the pressure was on CTC from BAT either to divest manufacturing activities or improve productivity, both the management and employees happened to get into a transitional period with the dilemma of 'do' or 'die'.

Finally, the management has decided to 'do' what is required for improving productivity. They identified the importance of communicating and getting the involvement of the employees. They decided to have a collaboration with the TU instead of being at different extremes. As a result, the management has developed a restructuring for employment practices in which the changes would be introduced time to time until the desired level is achieved. As explained above the initial step was 'business downsizing', i.e. terminating non-core activities. As all the interviewed employees revealed they want a TU which is working collaboratively with the management. Importantly, the divergent practices of the IR function of CTC had contributed a lot to manage the impact of 'victims of downsizing'.

4.2 Business Downsizing and New Technology

Before the restructuring process, there had been some other businesses and operational supporting activities at the company apart from their core business – cigarettes production and distribution. The major of other businesses was the printing department which fulfilled all the printing requirements of the core business of CTC and run as a separate business activity providing the same product for other organizations in the country. Further, this printing business had been one of the leading printers in the country in that period. The second was the company owned and maintained canteen which was one of the major operational support business activity. As the productivity at BAT is being measured by CPMH, employees in these sections provided no contribution to enhance it. As a result the productivity was considerably lower. Finally, the BAT has decided and advised the CTC to call off those activities with immediate effect and attend only in the core business – producing and distributing cigarettes.

According to Sahdev (2003), it is quite apparent that the CTC has undergone a 'reduction-focused' downsizing in which the organization had required to reduce the quantity of man-hours and improve the productivity by reducing the workforce of non-core activities. Ultimately, as the organization terminated all the non-core activities, this 'reduction-focused' downsizing has become 'restructuring-focused'. Importantly, in this process of downsizing CTC had to manage the 'survivor syndrome' positively, otherwise the restructuring could have affected the productivity adversely. According to the data obtained from both employees and management, and careful observations; the management has remarkably handled the IR and T&D functions in order to manage the downsizing through the reduction of the labour force and avoid the negative impact of 'survivor syndrome' on productivity.

Accordingly, as per the 'Model for the Context of Downsizing' (Sahdev, 2003), CTC had been in 'Context 03' - proactive reasons for downsizing and high frequency of downsizing. That is, as CTC

has introduced the restructuring initially with downsizing with the collaboration of employees through their IR function and every year 16 employees should be reduced from the labour force. Therefore, both the 'victims of downsizing' and 'survivors of downsizing' are being addressed by the management through the IR and T&D functions, respectively.

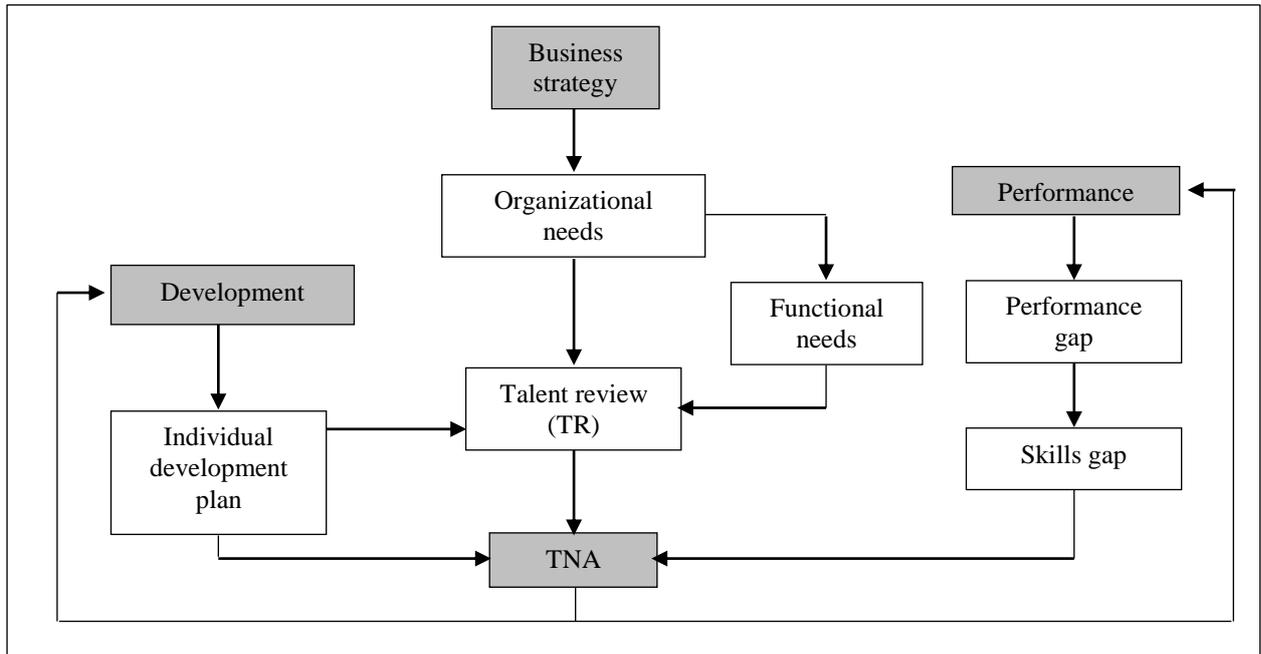
4.3 Training and Development at CTC

Zwick (2006) has identified, that employee training intensity is having a positive and significant impact on productivity and further, it will reduce the requirement for hiring more labour at a high cost from the labour market as well. As identified by Yadapadithaya (2001), MNCs are in a leading position in terms of T&D over to other private and public sector organizations. That is, in identifying, designing, implementing, and evaluating T&D activities. In case of CTC, the main purpose of managing T&D activities was carrying three dimensions. The first is to keep the output at least at a constant level despite the labour force reduction. As the operational labour force is being gradually reduced, the management wanted to train the existing employees to meet the enhancing workload. Second, is to develop their employees in terms of attitudes, perception, human relational and entrepreneurial skills, so that it would be quite easy to handle the labour force reduction as the employees would probably make their own decision to retire voluntarily, because they plan to initiate their own professional career from these skills ascertained from T&D programmes. Finally, as Sahdev (2003) explained, these T&D programmes have been more effective for CTC to eliminate the 'survivor syndrome' that would probably be imputed by existing employees because of the labourforce reduction through business downsizing and introducing new technology.

In order to accomplish above requirement, the major activities they carry out in T&D is training needs analysis (TNA). As Yadapathidaya (2001) identified, that all the MNCs (100%) in his study were conducting TNA and preparation of training calendar. But, other private (90%) and public (51%) sector organizations were behind in terms of TNA over to MNCs. At CTC as per Figure 3, it was quite apparent that conducting TNA (or LNA/ Learning needs analysis), and preparation of training budget and calendar was quite remarkable. As explained by the Training manager at CTC, there are three levels of this TNA. They categorize these levels and training needs by identifying the gap between organizational competencies and future plans. First level or the requirement is strategic competencies, second is the functional competencies and the final level is individual development.

The major strategic competencies they focus on are, growth, productivity and responsibility. In achieving those employees may require to acquire different types of functional competencies in accordance with their responsibility. Finally, the company has given a considerable and remarkable attention towards developing their employees as responsible citizens in the country. It could be clarified from the employees, they specifically mentioned that their risk of losing the job has been reduced due to the development level they have achieved from the training and educational programmes of the company. That is, they believe that they are in a position either to get another job opportunity in another organization or launch their own entrepreneurial activity.

Figure 3: Training Needs Analysis at CTC



Source: Training Function, CTC

4.4 Retirement Wealth vs. Lifetime Earnings

As CTC really wanted to reduce its labour force despite the legal restrictions in the country, they have introduced a voluntary retirement scheme. The main attention of employees at the CTC in the process of the voluntary retirement is the correlation between the ‘retirement wealth’ and the ‘lifetime earnings’. According to Hendricks (2007), the retirement wealth of an employee consist of financial wealth, private annuities, real estate including the main residence, business wealth, vehicles, life-insurance policies, trusts, and other miscellaneous assets minus debts. Earnings consist of labor income received by the household head and by the spouse. This encompasses wages, salaries, bonuses, overtime payments, and the business part of labor income.

Generally, once an organization introduced such a voluntary retirement system, employees compare the retirement wealth and the life-time earnings. If they are not satisfied with the retirement wealth, probably they will exert their total effort to keep the job. In making this decision, whether to being employed or getting retired, employees compared the retirement package with the present value of life time earnings. As the intension of the management was to make them retired they introduced unimaginable retirement package for employees. That was almost as ten times as the retirement package in the labour market at that time. Therefore, CTC has succeeded in the process of labour force reduction (from 2,000 to 360 employees) through this voluntary retirement system (Figure 2). All the employees mentioned that, the company could do so as the financial ability at that time was very high. Therefore, they believe that, surplus labour can be removed through a delightful retirement package.

4.5 Socio-Cultural Interactions (SCI) at CTC

There are many different definitions of organizational culture. Simply, culture can be defined as ‘how things are done around here’. Basically, there are three levels of organizational culture: (i) basic underlying assumptions; (ii) values; and (iii) artifacts and behaviours. The basic underlying

assumptions are unconscious or preconscious and thus difficult to assess directly. Artifacts and behaviour are the overt aspects of the culture. They are therefore easily observable but difficult to interpret.

To evaluate and analyse SCI activities at CTC, 'Hofstede's model' is being used to a greater extent. According to Hofstede (1983), there are four critical underlying issues related to organizational culture related characteristics and performance of that certain organization. The first is the 'power distance' within the organization. At CTC this has been a crucial phenomenon of the so-called change management. Before this change process of improving productivity is introduced, there has been a remarkable discrimination between the management and other operational level employees in terms of intellectual and social capabilities such as family background, wealth, etc. For instance a separate canteen, separate vehicle parks and closed office of management which were located far away from production floor, and so on. As interviewed employees pointed out, those days it was quite difficult for a lower level employee to meet a manager. But now, along with the change process, the power distance has been reduced through eliminating many of the inequalities. As a result, they are now using a common canteen and vehicle park, open office which is always open for lower levels to meet the management. In particular the IR department has been established inside the production floor.

The second cultural construct is 'individualism vs. collectivism'. That is to what extent employees preferred to be in groups. In this study the researcher has identified a quite contradiction between 'what they say vs. what they do'. All the 10 studied employees highly agreed that definitely teamwork should exist within an organization for the success and progress. Further, the training manager also mentioned that in their training programmes, more attention is given to develop group synergy, confidence and collaboration. But, as the interviews with employees were carried out individually, it could be identified that operational level workers are passively keen on individual goals to be attained. They believe that if an employee thinks that the voluntary retirement is more beneficial for him over to being employed, he can make his own decision. This type of individualism has been more important for the management to introduce the voluntary retirement scheme for labour force reduction.

Thirdly the most important organization cultural construct at CTC was 'uncertainty avoidance'. This has been the most important point throughout the whole organizational change process at CTC. All the employees were quite uncertain about their job security to a greater extent. But, an exceptional lower level employee who has been working there for over 20 years pointed out that, though there is no any job assurance everything he has obtained so far is because of the organization.

4.6 CTC – 'Then and Now'

As disclosed by both the management and operational level employees, there has been a remarkable change in both behavioural and operational aspects at CTC throughout the last 15 years. Further, they have specifically mentioned that it is because of trust, confidence and collaborative teamwork in and between the management and operational level workforce. Accordingly, the following significant differences as explained in Table 1 were quite apparent in 2006 compared to 1989 in which year the company, industry and the economy as a whole were adversely affected. To have such a remarkable change and productivity improvement, as both the management and employees pointed out, there were several key initiatives throughout this period.

Table 1: Ceylon Tobacco Company - ‘Then and Now’

	Then - 1989	Now - 2006
Expression of feelings	<ul style="list-style-type: none"> ▪ Industrial action ▪ Violent eruption ▪ Police and armed force protection ▪ Factory closure 	<ul style="list-style-type: none"> ▪ Fully supportive ▪ Well-satisfied
Leader – private sector	<ul style="list-style-type: none"> ▪ Industrial turmoil (‘how not to do things’) 	<ul style="list-style-type: none"> ▪ Industrial peace (‘how to do things’)
Internal climate	<ul style="list-style-type: none"> ▪ Suspicious ▪ Confrontational inter-departmental rivalries ▪ Stock build-up to meet disruptions 	<ul style="list-style-type: none"> ▪ Trust ▪ Confidence ▪ Teamwork ▪ Stock determined by market needs
Productivity	<ul style="list-style-type: none"> ▪ Lowest in sub-continent 	<ul style="list-style-type: none"> ▪ Highest in sub-continent
External influence	<ul style="list-style-type: none"> ▪ Greatly impacted 	<ul style="list-style-type: none"> ▪ Well-insulated
Achievements	<ul style="list-style-type: none"> ▪ None ▪ Fast disintegration 	<ul style="list-style-type: none"> ▪ National awards (HRM, productivity, safety,) ▪ World-wide recognition (MRP II, World aware award, ISO 9001:2000)

Source: IR Function, CTC

Communication

That is, all the major plans and decisions from which employees are affected will be developed and made by communicating those to them. Further, employees will be given the opportunity to present their views on those certain plans and decisions. Further, it is believed by the management that, keeping their employees fully informed probably would motivate them and enhance their commitment towards the organizational goals to a greater extent. In this communication process each employee will be given the opportunity and responsibility to present his ideas at small group meetings and it will be used by the operational and executive committees which are at middle and top levels, respectively.

Common Facilities

As operational workers mentioned, there were four canteens, different car parks, executive offices away from the factory and many ways of discrimination before the change. But, now there is just one canteen and car park for everyone, open and factory offices to avoid this discrimination. This could be verified as the researcher could observe it by participation. Basically, IR manager’s and production

manager's seats are now located in the production floor as to deal closely with employees. Further, as employees specifically mentioned and feel happy about this change, it was quite apparent that these types of divergences have made this success to CTC.

Employee Involvement

This is not just employees, but also their families. CTC is now having different functions in order to get together with employees and their families. One important function that CTC is having is a gathering of the management and employees' wives. This is to emphasize employees' wives, how important are their husbands to run this business successfully. Through this particular function CTC management motivates their employees via their families.

Teamwork

From top to bottom at CTC, they are having different types of groups and discussions. These meetings are convened daily, weekly, monthly, quarterly or annually according to the requirement. The most important thing in this teamwork is all the employees' involvement, plans and decisions are used at these meetings.

Collective Agreement (CA)

This has been a crucial tool for both the management and the employees to implement and accept the restructuring. In these CAs which are signed in every three years' time, both the management and employees discuss the current situation and the future requirement. Typically, in this CA period, there are some decreases in the level of productivity because of the bargaining between employees and employers. But, it prevails until the CA is signed. Therefore, this CA is being used by both parties to bargain their demands. This has been initiated soon after 1989 – industrial turmoil period. According to the view of the employees, they perceive this CA as the 'collaborative plan' of the organization towards the future.

Outsourcing Non-Core Areas

After introducing business downsizing activities CTC has outsourced those non-core areas to get rid of administrative burdens and long-term commitments. As these activities are contracted out and those contracted personnel are responsible for another organization, an efficient service can be expected for CTC.

5. Findings and Conclusions

It is quite apparent that the findings of this study could be subjective as the study was a single case. As it was carried out as a holistic study in the selected organization, following findings could be derived. All these findings cover major business practices - industrial relations, training and development, socio-cultural interactions, which were studied during the study.

Primarily, it was found that employees and the management at CTC commonly believe that the major technique that can be used to overcome industrial disputes is communication and being informed each employee on organizational issues. It has kept the commitment and motivation of employees to a greater extent. Although business downsizing and introduction of new technology were the major determinants of the productivity (CPMH) improvement at CTC, the successfulness has been heavily subjected to the healthiness of the relationship between the operational level employees and the management. Further, the reduction of the labour force using the voluntary retirement method has been successful as the employees were satisfied with their retirement wealth rather than the

remaining life-time earnings. Importantly, the survivor syndrome has been eliminated by the management through well-designed training programmes. But, some of the labour force at CTC are considerably in the 'uncertainty avoidance' organizational culture as they are losing confidence of job security. Seemingly, that is because of the social need of keeping the job has risen up over to self-retirement. But, as a whole, even though the job security assurance is very low, it has not impacted adversely on the employees' level of commitment as their retirement wealth is much higher over to the present value of the life-time earnings. In order to succeed in the process of reducing the surplus labour, the financial position of the company happened to have contributed to a greater extent.

Most of the operational level workers believe that everything they have achieved so far both in the job and personal life is due to the organizational business practices such as training and development, culture and discipline, etc. Therefore, they believe that with that experience they are in a position to develop their life properly even without this job. Additionally, some employees believe that this personal development gained from the company is subject to attitudes, degree of propensity to change and the personality traits of the individual. The management and the operational employees have identified that, teamwork is one of their major strategies of achievements. But, though the management was developing teamwork within the organization, it is only for organizational achievements. For administrative purposes the management would prefer an individualistic culture within and among employees as it would probably ease the process of making employees self-retired without the consent of others.

The findings of the study could be concluded with the collaboration of the "competing values framework (CVF) for organizational analysis" by Quinn and Rohrbaugh (1983). As many scholars in the existing literature addressed the productivity phenomenon in different aspects such as in terms of organizational and host-country culture, industrial relations, training and development, and so forth, the researcher's intension of this particular case study is to explore it and identify the divergence being practiced by the selected organization in those aspects. As per the findings of the study, several concluding remarks could be derived.

Firstly, operational level employees are typically holding a negative opinion on business downsizing and new production technological methods as those probably have adverse effects on their job security. Moreover, they interpret production technology (machines and equipment) as substitutes for human labour, not as complements. As and when there is such an organizational change of business downsizing and introducing new technology, it would probably have a negative impact on the level of motivation and commitment towards the organizational objectives of operational level employees those who managed to survive. Therefore, benefit of this change can be set off by the expense of employee motivation and commitment through survivor syndrome.

Secondly, prior to any type of organizational change through restructuring or reengineering, lower level employees should be addressed by the management in terms of attitudes and socio-cultural interactions. This can be successfully done through strong and flexible industrial relations and training and development (in broader terms, human resource development). Further, to implement and maintain a sound industrial relation with lower level employees, the management should avoid labour force discrimination within the organizational context. That is, the power distance within the organizational culture should be moderately eliminated. Typically, individuals in Sri Lanka would like to enjoy esteem needs by avoiding workplace discrimination to a greater extent. Further, properly planned and executed T&D programmes can contribute in terms of eliminating the survivor syndrome and enhancing the survivors' skills to meet increased workload.

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