

Chronic Crisis Management in Malaysia Revisited

by

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ABSTRACT

Fontaine (2012) found that chronic crisis management – when problems are hidden from management rather than solved – is a salient feature of the Malaysian workplace. This study replicates the study of Fontaine (2012) to ascertain how the situation has evolved over the last four years. A total of 538 respondents in the Klang Valley participated in this study. The general conclusion is that chronic crisis management (mean of 3.54 on a 5 point Likert scale) and other structural problems are still very much the norm. These problems seem to be worse in smaller organisations (F 3.39 and sig. of 0.034). On the plus side, Malaysian employees are optimistic about the future (mean of 3.64) and ready to change. ANOVAs show differences between the perceptions of managers with more than ten subordinates and their subordinates. ANOVAs show differences between the perceptions of respondents in organisations with more than 500 employees and smaller organisations. A number of suggestions, based on the data collected and on the literature, are proposed to solve these problems. In particular, this author suggests the performance management system be changed to cease rewarding employees who simply hide problems.

Key Words: *Keywords: chronic crisis management – optimism – change*

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1. INTRODUCTION

was inspired by an article in the Harvard Business Review by Bohn (2000) called “Stop Fighting Fires”. The term “fighting fires” refers to a problem in many organisations where the corporate culture involves hiding problems rather than solving them. Although these problems temporarily disappear from top management’s radar, they often resurface months later. Since “fighting fires” might be misunderstood as a problem involving the fire department, Fontaine (2012) used the term “chronic crisis management” instead. This study, using an improved instrument to survey Malaysian employees in 2016 to compare with the results published in 2012.

2. THE FIRST STUDY

The first study was based on an instrument developed by Fontaine (2012). The initial survey included the answers of 150 respondents. Table 1 shows that chronic crisis management was the norm in Malaysian organisations. An obvious limitation to the 2012 study was the relatively low number of respondents and the lack of follow-up studies.

Table 1: Results of the first survey

Rank	Question	Mean	St. Dev
1	Fire-fighting in my organisation is normal	4.13	1.06
2	In my organisation, we are assessed on local measures of performance	4.08	1.22
3	To do my work, I depend on other people to do their part	3.74	1.44
4	In my organisation, the responsibility for change is given to teams, not individuals	3.72	1.39
5	Some of the policies in my organisation make it difficult for people to be effective	3.69	1.28
6	Many teams in my organisation do not function as smoothly as they should	3.38	1.31
7	My organisation only allows top-down change	3.36	1.39
8	Most people in my organisation resist change	3.22	1.36
9	People in my organisation are expected to stay silent	2.97	1.42
10	In my organisation, many people don't know what their goal is	2.89	1.48
11	If I use my initiative to start bottom up change, I will be punished by others	2.74	1.31
12	In my organisation, there is not enough time to think about doing things properly	2.76	1.39
13	If I use my initiative to start bottom up change, I will be punished	2.64	1.218

Source: Fontaine (2012)

The results of the first study have enabled this author to organise the literature according to the priorities identified by the respondents.

3. FIRE-FIGHTING

Bohn (2000) found that firms are often in a state of chronic fire-fighting. Fire-fighting, which Fontaine (2012) called chronic crisis management, is a situation within an organisation where there are more problems than people to solve them. Unsolved problems go into a queue. The longer the queue of unsolved problems, the greater the pressure on people to solve them quickly. The more rapidly people attempt to solve a problem, the greater the likelihood that they will not find a permanent solution. They find a quick fix that does not resolve the problem. The problem disappears for some time until it reappears.

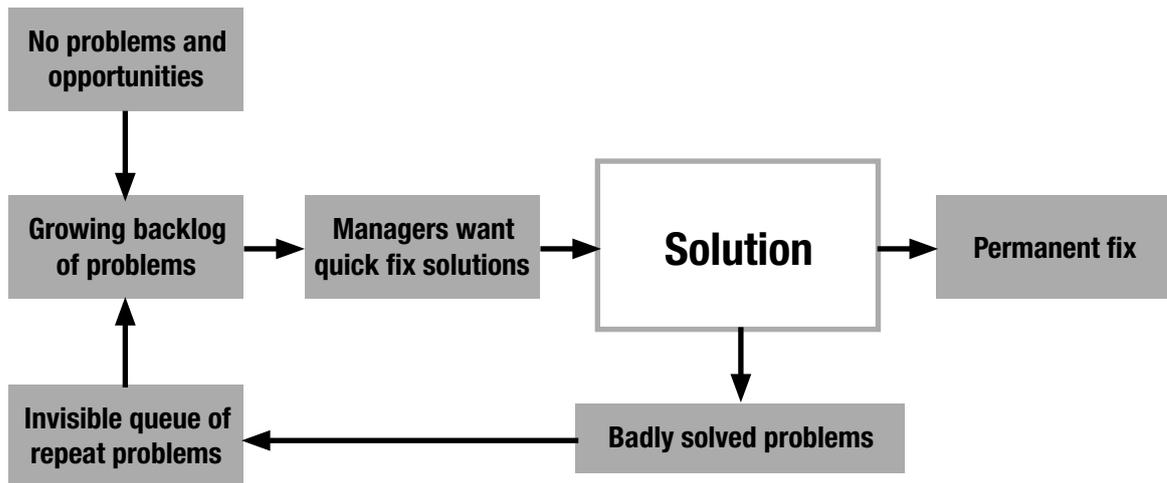


Figure 1: Continuous crisis management

Source: Bohn (2000)

Fire-fighting is a symptom of poor management. Bohn (2000, p.84) explains that in successful organisations, “*there are strong problem-solving cultures. They don’t tackle a problem unless they are committed to finding its root cause and finding a valid solution. They perform triage. They set realistic deadlines. Perhaps more important, they don’t reward fire-fighting*”.

4. LOCAL MEASURES OF PERFORMANCE

The second most common feature in the Malaysian workplace appears to be “local measures of performance”. Goldratt and Cox (1984) explain that local measures of performance refers to the phenomena where managers are rewarded for achieving the objectives of the department, not the objectives of the organisation.

One might assume that if every department achieves its goals, then the overall goals of the organisation would have been achieved. This perspective reflects a mechanistic view of an organisation. More recent research shows that organisations are an integrated system. Unless all the parts of the system cooperate with one another, the overall system will become dysfunctional with many managers achieving their departmental goals at the expense of achieving organisational goals (Goldratt & Cox, 1984).

Successful organisations put in place “systemic measures of performance” - performance measures that encourage managers to achieve the goals of the organisation. Goldratt and Cox (1984) tell the story of a manager for manufacturing who claimed the installation of robots increased the productivity of a department by 29%. This is a local measure of performance. The

factory did not increase its output by 29%. To achieve this 29% increase in one department, the factory ended up with more unsold goods in its inventory. A systemic measure of performance would be simply measuring the output of the factory as a whole.

Developing systemic measures of performance is not an easy task due to the fact that conventional cost accounting encourages local measures of performance (Goldratt and Cox, 1984). For most organisations, developing systemic measures of performance is essential to transforming a fire-fighting corporate culture into a problem-solving corporate culture. For example, Hoffman (2012) published an account of the transformation of Ford Motor. Prior to the arrival of Alan Mulally as the new CEO in 2006, the culture at Ford involved hiding problems, hiding information, working in silos and stabbing colleagues in the back. Within a few months, Mulally forced senior managers to talk to one another and work together. He did this mainly by replacing local measures of performance with systemic measures of performance. Managers were no longer responsible for solving the problems of their departments; they were now responsible for solving the problems of the Ford Motor Corporation.

5. INTERDEPENDENCIES AT WORK

The third most common feature was interdependency at work. This creates major conceptual problems for managers. By and large, employees are not independent of one another. Let us consider the case of an organisation in which four employees (A, B, C and D) exchange information to solve a customer problem. The way the process is designed, A is the customer point of contact but he depends on B, B depends on C and C depends on D. If there is a breakdown between A and the customer,

- a) A could have done a bad job. However, maybe the fault was with B, C or D. In most organisations, B, C, and D will deny having not done their job. In many cases, nobody knows where the process broke down.
- b) Conventional performance assessment assumes that A, B, C and D are independent of one another. Basically, A will get blamed for mistakes made by B, C or D.

This creates several problems. First, A will become demotivated. Second, the systemic problem will not have been solved. Third, the problem will inevitably recur. The interdependencies within the workplace need to be taken into account in the performance assessment. Successful case studies in hospitals show that when the focus is on blaming processes and fixing these rather than blaming individuals, organisational efficiency increases significantly (Savary & Crawford-Mason, 2006).

6. RESPONSIBILITY FOR CHANGE

The literature on change management is vast and complex. Fontaine (2012) highlighted the following points:

- a) In some organisations, the responsibility for change is given to entire teams rather than to specific individuals.
- b) In some organisations, individuals are punished for taking initiatives. Very quickly a culture develops where nobody takes the initiative and individuals become adept at pushing initiatives on to others.
- c) Generally though, the top-down change is preferred.

d) Resistance to change is common because the case for change has often not been made. Top management seems to take the view that explaining change initiatives is not necessary.

These four points were included in the instrument used by Fontaine (2012). Respondents ranked them as no. 4, 7, 8 and 11. This suggests that change management was not a major concern in the Malaysian workplace in 2012.

7. COUNTER-PRODUCTIVE POLICIES

Neilson, Pasternack and Van Nuys (2005) report on a global on-line survey that includes 30,000 respondents in 760 firms around the world. They note that “(most) organisations are not made up of hostile or perverse individuals. It is a place where well-intentioned people are the victims of flawed processes and policies”. There is a misalignment between incentives, decision rights, information and organisation structure. Organisations become dysfunctional as “well intended but badly implemented organisational changes layered one upon the other” creates cynicism among employees.

Goldratt and Cox (1984) argue that organisations face constraints and that the primary role of top management is to identify the constraint and remove it. In practice, many constraints are “policy constraints”. These are self-imposed constraints due to the internal bureaucracy of most organisations. Historically, every policy was introduced for a valid reason. However, as time goes by, the business environment changes but the policies remain. Rather than helping, these outdated policies become a burden.

8. UNDERPERFORMING TEAMS

The literature on effective teams is vast. However, as a rule, teams become smarter or dumber (Sunstein & Hastie, 2014). Very often groups do not know how to learn well because they approach problems without the right scientific methods or because there are too many variables in play so that learning becomes very difficult (Lapre & Van Wassenhove, 2002).

9. SILENCE INSIDE ORGANISATIONS

Perlow and Williams (2003) argue that in today’s fast-paced environment, many employees are choosing to stay silent even though they know that proposed solutions will not work because there is no time to address issues properly.

10. IGNORANCE OF ORGANISATIONAL GOALS

Collis and Rukstad (2008) found that most managers are ignorant of the organisational goals. To test this, they asked managers two questions;

- a) Can you summarise your company’s strategy in 35 words or less?
- b) Would your colleagues put it in the same way?

Their research indicates that those organisations whose employees can quickly articulate the company’s strategy tend to have superior performance. Most employees can state their personal or departmental goals but are unaware of their organisational goals.

11. FEAR OF PUNISHMENT

The literature on the fear of punishment is quite vast. However, Fontaine (2012) did not find this was a major concern for the respondents surveyed. It should be noted that “punishment” can take many forms. Some forms are obvious (e.g. disciplinary action) but other forms of punishment are more subtle. Many anecdotal reports suggest that when individuals take the initiative, they are asked to do more work. Individuals find out that taking the initiative means more work and not taking the initiative means less work. Sometimes, when subordinates take the initiative, managers feel threatened, or they simply take credit for the initiative (Neilson, Pasternack & Van Nuys, 2005)

12. NO TIME TO THINK

Research in decision-making shows that many people are under pressure to act quickly (Nutt, 2004). Nutt (2004) estimates that “*only one decision in ten is urgent and only one in a hundred is really a crisis*”. The desire to act swiftly is linked to the perception that decisiveness is a sign of competency. Unfortunately, such swift action often leads to poor decisions.

13. LEARNED OPTIMISM

This construct was not in the initial study. However, Seligman (2006) found that one of the most important predictors of success is optimism. Working with an insurance company in New York, Seligman (2006, p.99) found that optimistic sales agents sell 37% more than pessimistic sales agents. More importantly, optimism is an acquired trait that can be developed through training. This author included a question to determine whether organisations have an optimistic or pessimistic corporate culture.

- Optimism is when individuals see problems as temporary
- Pessimism is when individuals see problems as permanent

This author assumes that in organisations where chronic crisis management occurs, employees will be more pessimistic about the long-term direction of the company.

14. NEW DEVELOPMENTS IN THE LITERATURE

All the previous constructs were included in the first study. Since 2011, there has been a rising awareness that today’s business environment is much more complex than before. Snowden and Boone (2007) distinguish between,

- **Simple contexts:** These are environments that are stable and with clear cause and effects. This is the domain of best practices.
- **Complicated contexts:** These require more expertise. The relationships between cause and effects are still there but to the non-expert, these relationships are unclear.
- **Complex contexts:** There are no clear cause and effect between variables. Everything is in a state of unpredictability and change. However, with time, the nature of the problem emerges if leaders are willing to conduct experiments “*that are safe to fail*” (Snowden & Boone, 2007, p.74). Without conducting carefully crafted business experiments, leaders cannot predict what will happen in a complex environment.

- **Chaotic contexts:** These are contexts where things are changing so quickly that trying to figure out a relationship between cause and effect is impossible. In chaotic situations, leaders need to use their top-down power to create some order.

Snowden and Boone (2007) observe that leaders need to understand the context in which they operate and adjust their leadership style to the right context. They do note, however, that most businesses operate in a complex environment (Snowden & Boone, 2007, p.74). One of the lessons is that managing complexity is possible, but it requires doing things differently. In particular, there is a growing awareness that business experiments are critical when one operates in a complex environment.

Thomke and Manzi (2014) note that “business experiments” enable organisations to understand what works. For example, one retailer in Germany ran an experiment and opened selected outlets at 10 a.m. instead of 9 a.m. This enabled the company to reduce operational costs. Once the experiment worked in selected locations, it was extended to every location. These experiments enabled companies to avoid making mistakes, but they also enabled companies to challenge long-held beliefs. Thomke and Manzi (2014, p.79) report that Petco in the United States conducted a series of experiments and found that the best price must end with \$ 0.25. This went against tradition which stated that a price ought to end with a 9, such as \$4.99 or \$4.49. However, as the experiments were done so rigorously, the management of Petco decided to give it a try. Within six months, sales jumped by 24%. Business experiments will increasingly become the norm in a complex business environment.

Morieux (2011) notes that the Boston Consulting Group has created an index of complicatedness. Over the last 15 years, the complicatedness of organisations has increased by between 50% and 350%. On average, the level of complicatedness increases by 6.7% every year. This translates by increasingly heavy demands on CEOs. Where in the past CEOs had seven key performance indicators to meet, today they have between 25 and 40 (Morieux, 2011). Not surprisingly, removing complicatedness is now considered of great significance in the effort to improve organisational performance. This author assumes that complexity is the root cause of all the variables described earlier (see Figure 2).

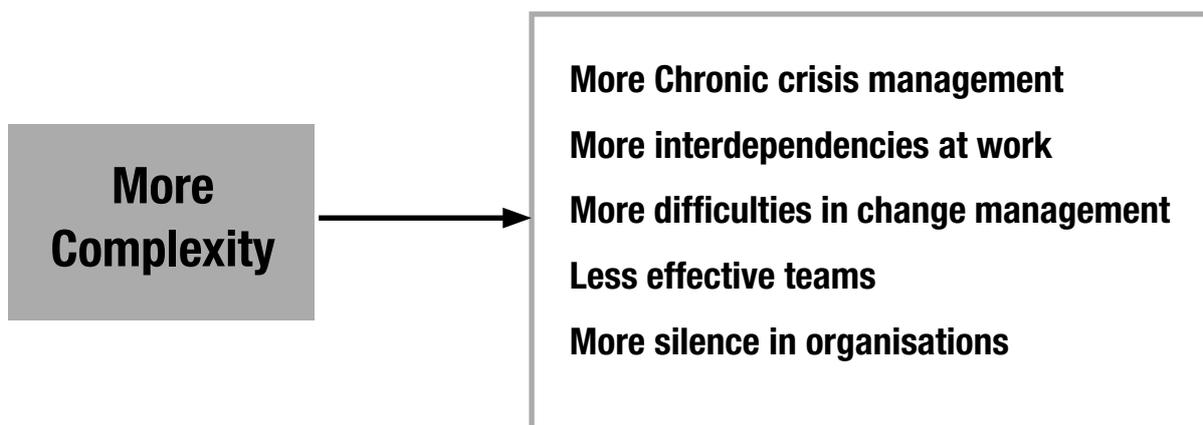


Figure 2: The Link between Complexity and Chronic Crisis Management

Source: The Author

15. THE SECOND STUDY

In March 2016, this author used research assistants to survey employees in the Klang Valley. Each research assistant was given a geographical location to survey. A total of 530 completed questionnaires were collected. The instrument had a Likert scale that included 1 (Disagree), 2 (Somewhat Disagree), 3 (Not Sure), 4 (Somewhat Agree) and 5 (Agree). Analysing the demographic data, the following points are of interest:

- 294 worked in organisations with less than 100 people
- 129 worked in organisations with between 101 and 500 people
- 107 worked in organisations with more than 500 people
- 143 were employees with no supervisory responsibilities
- 246 supervised between 1 and 5 people
- 87 supervised between 6 and 10 people
- 62 supervised more than ten people

The Cronbach's Alpha was 0.736. Table 2 shows the overall results for the data collected.

Table 2: Overall Results of the Second Survey

Rank	Question	Mean	St. Dev
1	Most of my colleagues are optimistic about the future of our organisation	3.64	1.153
2	The responsibility for change is given to teams, not individuals	3.55	1.272
3	Chronic crisis management in my organisation is normal	3.54	1.287
4	In my organisation, we are assessed on local measures of performance	3.53	1.101
5	Some of the policies make it difficult for people to be effective	3.45	1.221
6	To do my work, I depend on other people to do their part	3.18	1.362
7	Many teams do not function as smoothly as they should	3.06	1.286
8	My organisation only allows top-down change initiatives	3	1.189
9	Most people in my organisation resist change	2.97	1.265
10	People in my organisation are expected to stay silent	2.84	1.382
11	There is not enough time to think about doing things properly	2.82	1.335
12	In my organisation, many people don't know what their goal is	2.81	1.315
13	If I use my initiative to start bottom up change, I will be punished	2.64	1.218

However, running ANOVAs indicates that there are some significant differences depending on the number of subordinates and the size of the organisation. Table 3 shows the differences depending on levels of subordinates.

Table 3: Results of ANOVA based on the level of managerial responsibility

	F	Sig.
Chronic Crisis Management in my organisation is normal	.703	.551
People in my organisation are expected to stay silent	4.427	.004
There is not enough time to think about doing things properly	3.773	.011
My organisation only allows top-down changes	3.248	.022
To do my work, I depend on other people to do their part	2.535	.056
The responsibility for change is given to teams, not individuals	1.202	.308
If I use my initiative to start bottom up change, I will be punished	6.319	.000
In my organisation, we are assessed on local measures of performance	1.163	.323
In my organisation, many people don't know what their goal is	2.364	.070
Most people in my organisation resist change	3.291	.020
Many teams do not function as smoothly as they should	2.029	.109
Some of the policies make it difficult for people to be effective	.189	.904
Most of my colleagues are optimistic about the future of our organisation	1.508	.211

Post-hoc tests show the following

- Regarding the question “there is not enough time”, managers with more than ten people scored an average of 2.32 while subordinates score around 3.00.
- Regarding the question “people in my organisation are expected to stay silent”, managers with more than ten subordinates scored 2.24 while others score 2.91.
- Regarding the question “my organisation only allows top-down change”, managers with more than subordinates scored an average of 2.63. Other respondents scored on average 3.2.
- Regarding the question “If I use my initiative to start bottom up change, I will be punished”, managers with more than ten subordinates score an average of 2.09 while other employees scored around 2.88.
- Regarding the question “most people resist change”, managers with more than ten people scored an average of 2.5 whereas others score about 3.00.

In every case, the biggest difference in score was among managers with more than ten subordinates and managers with between six and ten subordinates. One can speculate that managers with more than ten subordinates are involved in policy decisions whereas managers who have between six and ten subordinates participate in implementing these policies. Future research needs to clarify this.

Table 4 highlights the differences in scores depending on the size of the organisation. Organisations were classified as having less than 100 employees, between 101 and 500 employees and more than 500 employees.

Table 4: ANOVA results based on size of the organisation

	F	Sig.
Chronic Crisis Management in my organisation is normal	3.396	.034
People in my organisation are expected to stay silent	6.509	.002
There is not enough time to think about doing things properly	5.099	.006
My organisation only allows top-down changes	2.145	.118
To do my work, I depend on other people to do their part	.826	.439
The responsibility for change is given to teams, not individuals	.066	.936
If I use my initiative to start bottom up change, I will be punished	1.522	.219
In my organisation, we are assessed on local measures of performance	1.311	.270
In my organisation, many people don't know what their goal is	2.191	.113
Most people in my organisation resist change	3.518	.030
Many teams do not function as smoothly as they should	2.826	.060
Some of the policies make it difficult for people to be effective	.487	.615
Most of my colleagues are optimistic about the future of our organisation	.463	.630

Post-hoc tests reveal the following:

- Regarding the question “Chronic crisis management is normal”, respondents from organisations with more than 500 people scored 3.26 whereas respondents from smaller organisations scored 3.65.
- Regarding the question “there is not enough time to think”, respondents from organisations with more than 500 people scored 2.45 whereas respondents from organisations with less than 100 people scored 2.92.
- Regarding the question “people in my organisation are expected to stay silent”, respondents from organisations with more than 500 employees scored an average of 2.41 whereas respondents from organisations with less than 100 employees scored an average of 2.95.
- Regarding the question, “most people in my organisation resist change”, respondents from organisations with more than 500 employees scored an average of 2.74 whereas respondents from organisations with less than 100 people scored an average of 3.09.

16. DISCUSSION

The data collected is straightforward but interesting. First and foremost, the level of optimism is quite high. This probably reflects the reality that Malaysia is a growing economy with many opportunities in the market. Most Malaysian employees are young as the median age of the Malaysian population is 26.3. This compares to an average median age of 37 in the United States.

Second, the idea that change initiatives are given to teams rather than individuals is consistent with the literature. At the same time, there is an acknowledgement that many teams do not work smoothly.

Third, chronic crisis management is the norm. There is no difference due to managerial position or size of the organisation. This confirms the data collected in 2012 but with a much larger sample. A twist though suggests that chronic crisis management is worse in smaller organisations. Further research would have to investigate this phenomenon.

Fourth, the ubiquity of local measures of performance. The low standard deviation suggests that local measures of performance are a standard feature of Malaysian organisations. However, this can be considered a weakness as managers are focusing on solving the problems of their department at the expense of solving the problems of the organisation. (Goldratt & Cox, 1984). Since this seminal work, researchers have tested the link between local measures of performance, systemic measures of performance and organisational performance. For example, Inman, Sale and Green (2009) surveyed 110 firms that have adopted the theories proposed by Goldratt (including the use of systemic measures of performance). These firms have observed a significant improvement in their results as the focus switched from solving departmental problems to solving organisational problems. The increase in financial performance ranges from 9% to 41% (Inman, Sale & Green, 2009, p.346).

Fifth, some policies are probably counter-productive. As a reminder, only 143 respondents in this survey had no subordinates. The rest were supervisors or managers. Research suggests that most organisations fail because of counter-productive policies (Fontaine & Ahmad, 2013). Ironically, managers put in place policies and procedures that help achieve the targets of their departments, but that are inconsistent with the organisation's strategy (Fontaine & Ahmad, 2013). Some organisations can muddle through while other organisations simply fail.

Interdependency at work comes in the sixth position. This is somewhat surprising as the interdependence in the modern workplace is in fact very high. One possibility is that employees do not perceive these interdependencies. For example, a person selling insurance might not realise to what extent his sales performance depends on the performance of the fund manager. More research is needed to elucidate this matter.

The last seven items are quite low and will be analysed together. The overall picture that emerges is a workplace environment in which employees are allowed to express themselves, and where people are not afraid of change. It is quite interesting that managers with more than ten subordinates seem to have a significantly different perception than their subordinates. Similarly, it seems that there are more problems in small organisations (i.e. less than 100 employees) than in large organisations (i.e. more than 500 employees). Further research is needed to understand these results better.

17. RECOMMENDATIONS

The author makes two suggestions:

1. Chronic crisis management has to be recognised as a problem in the Malaysian workplace. Unless this is done (whether by academics, business leaders or government officials), no effort will be made to address it.
2. Further research has to be conducted to understand better the source of chronic crisis management and how to solve it.

Comparing the surveys in 2012 and 2016, it seems obvious that chronic crisis management is a salient feature of the Malaysian workplace. This is a clear problem as chronic crisis management means that employees try to hide problems from top management rather than solving problems. Bohn (2000) suggests that this happens because managers reward subordinates for hiding problems. In other words, the corporate culture is not focused on solving problems. Like most problems, unless the problem is clearly identified and talked about, nobody will attempt to solve it. The key symptom of chronic crisis management is a problem that keeps returning. Recently, the chief executive officer of Malaysian Airlines, Christoph Mueller, announced his early departure from MAS. After a series of CEOs who proved unable to solve MAS's structural problems, the appointment of Muller was seen as a sign that the worst was over. His departure after only one year might indicate that the structural problems are still there.

So what can be done? The surveys in both 2012 and 2016 indicate that local measures of performance are normal. Yet, the literature questions the efficacy of such measures of performance. This suggests that revisiting measures of performance should be a top priority for Malaysian employers. The literature suggests that not all local measures of performance are bad. However, some of them are counter-productive. Thus, it is necessary to combine systemic measures of performance with local measures of performance (Inman, Sale & Green, 2009). If employees are behaving badly, it is often because employers have put in place a reward system that rewards them for behaving badly. Back in 1995, Kerr published an article entitled, "*On the folly of rewarding A while hoping for B*". He demonstrated quite convincingly that most management problems originate with a dysfunctional performance management system. In effect, employers often reward employees for doing the wrong thing, and they often punish employees for doing the right thing. Generally, individuals who set up a reward system have a partial understanding of human behaviour, but they often fail to notice the unintended consequences of the reward system they created (Kerr, 1995). This author suggests that revising the performance management system is crucial. Employees must be rewarded for solving problems, not for hiding them.

Another recommendation is based on the fact that change management in the Malaysian workplace – probably one of the most critical agenda for any organisation – depends on teams. This creates several problems. First, many teams are dysfunctional because of the nature of team dynamics (Sunstein & Hastie, 2014). Second, research shows that high-performance teams are rare and that leaders of such teams need to receive specialised training (Castka, Bamber, Sharp & Belohoubek, 2001). Are Malaysian managers trained properly to lead and motivate high-performance teams?

Lastly, in both surveys, it seems that some organisational policies prevent employees from doing the right thing. This is an issue that has been observed before. There is strong evidence that organisational policies contribute significantly to organisational failure (Fontaine & Ahmad, 2013). Organisational policies tend to be rigid, and they can become a liability in a dynamic and flexible market.

18. LIMITATIONS

Generally, the aims of this study have been achieved, yet certain limitations should be noted. One issue is that the sampling was limited to a specific geographical location (the Klang Valley). There is no data to prove that similar patterns exist in other parts of Malaysia. Secondly, the

survey instrument was quite brief. Therefore, additional information is not available. There was no attempt to identify the ethnicity of respondents. There was no attempt to identify which industry respondents come from.

19. CONCLUSIONS

The main purpose of this study is to determine whether chronic crisis management is still a problem in the Malaysian workplace. Four years after the study published by Fontaine (2012) it appears to remain a problem.

One of the purposes of this study is to highlight the problem of chronic crisis management. This will hopefully motivate experts and practitioners to deal with this problem. The fact that chronic crisis management seems to be worse in smaller organisations needs to be better understood.

A second purpose is to see whether the data collected provide any clues as to how Malaysian organisations can improve. This author suggests two avenues:

- a) **Recognising that modern organisations are complex:** The management literature in North America and Europe has focused on the growing complexity of managing modern organisations. Morieux (2011) notes that over the last 15 years, the complexity of organisations has increased by between 50% and 350%. On average, the level of complexity increases by 6.7% every year. Morieux (2011) argues that reducing the complexity of organisations leads to improved organisational performance.
- b) **The reward system must discourage simply hiding problems:** The literature of performance systems distinguishes between ‘local measures of performance’ and ‘systemic measures of performance’. Goldratt and Cox (1984) went to great lengths to illustrate the differences between these concepts. Researchers followed up on their work. This author has already quoted Inman, Sale and Green (2009) who surveyed 110 firms that have adopted the theories proposed by Goldratt, which includes the use of systemic measures of performance. These firms used to apply local measures of performance but then switched to a combination of local measures of performance and systemic measures of performance. These firms have observed an increase in their financial performance ranging from 9% to 41%. Other famous case studies include the measures taken by Alan Mulally to transform Ford (Hoffman, 2012).

There might be other causes that lead to chronic crisis management, so further research is desperately needed. At the end of the day, chronic crisis management is a corporate culture problem. Bohn (2000, p.84) notes that in successful organisations, “*there are strong problem-solving cultures. They don’t tackle a problem unless they are committed to finding its root cause and finding a valid solution. They perform triage. They set realistic deadlines. Perhaps more important, they don’t reward fire-fighting*”. We must ask, do Malaysian organisations reward managers for hiding problems or solving them?

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