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ASSESSING THE EFFECTIVENESS OF RELIGIOUS ORGANISATION OFFICE DIVISION USING MCKINSEY 7S MODEL

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Abstract:

Research found that it is common for non-profit organisation to be strongly led, yet under-managed, which is shown through the existence of ineffective organisational practices. According to Service Chain Model, ineffective organisational practices affect employee satisfaction and commitment that subsequently influencing employees' retention and employees' behaviour. A low employee satisfaction and commitment could unfavourably affect quality of service provided, customer satisfaction and loyalty, and eventually affecting organisational growth. Based on this underpinning problem, this case study aims to demonstrate the relationship between ineffective organisational practices and employee's satisfaction and commitment. Additionally, this paper demonstrates methodological process in identifying ineffective organisational practices using McKinsey 7S Model. Overall, knowing organisation's ineffective elements can help the organisation to plan the required improvement plans.

Keywords:

Non-Profit Organisation, Religious Organisation, Effectiveness Organisational Practices, Mckinsey 7S Model.

Introduction

Religious organisation is one type of non-profit organisation that is proven to have a positive relationship to national economic development (Ajaegbu, 2012). For years, religious

orgaisations have succeded in assisting government to provide public goods or acting as a bridge that connects governement to the communities or societies (Epley, 2004). Therefore, religious organisations are potentially capable to provide great contribution to facilitate country's economic development. Nevertheless, a research conducted in non-profit organisations found that such organisation tend to be stongly led but under-managed. Underperformed management in non-profit organisations usually shown through the exsitence of ineffective organisational practices, mostly related to the establishment of clear roles and responsibilities, development of human resources, or efforts to build teamworks acrros organisation (Kramer & Stid, 2010).

According to the Service Chain Model (refering to Figure 1), organisation practices could affect employee satisfaction and commitment as well as the quality of service provided. As customer satisfied by quality of service provided, it will give positive impact to customers loyalty and organisation. In other words, ineffective organisation practices might reduce employee satisfaction & comitment as well as its service quality, which then also unfavourably affected customer satisfaction and loyalty as well as organisation growth (Heskett, Sasser, & Schlesinger, 1997).
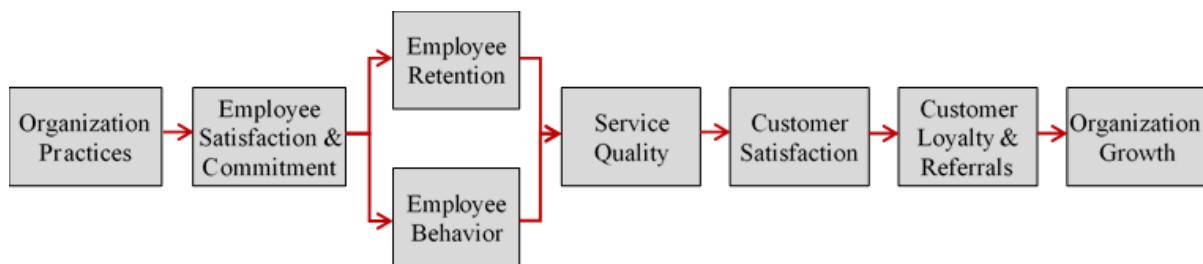

Figure 1: Service Chain Model

Case Study
Service chain model theory is demonstrated in this case study, which is in office division of ABC religious organisation in Indonesia, where ineffective organisational practices occurred in office division have been affected and impeded the organisation's growth.

ABC is a Christian non-profit religious organisation which has been experiencing a significant growth within its boundaries. For the last five years, the organisation is not only experiencing growth in terms of its number of weekly attendances, but also the number of service locations and service hours. During 2015 to June 2019, ABC is experiencing an increase of its average number of weekly attendances approximately 61%. Starting with 3 locations with 8 main services and 9 next generation services in 2015, the organisation has been growing significantly as in 2019 there are 5 locations with 11 main services and 14 next generation services. This means that an increase of 67% in terms of its service locations and 47% increase of service hours, from 2015 to June 2019.

However, it is noticed that such organisation's growth that reflected from the increase in average weekly attendances has been experiencing a decelerating pace percentage of increase from year to years. It is sensed that the ABC office division is facing ineffective organisational practices that are required to support organisation's growth.

Consist of 28 employees, office division is led by a manager. ABC office division is responsible in organising and ensuring that all activities or programs related to the organisation are accordance to organisation's vision, mission, and value. The office division plays a crucial role, as it assists, supports, and able to determine the success of activities or performance conducted by organisation's five core division that involve in faith-based activities as well as engage in social welfare.

Therefore, this case study aims to demonstrate the relationship between ineffective organisational practices and employee's satisfaction and commitment. Additionally, this paper demonstrates methodological process in identifying ineffective organisational practices using McKinsey 7S Model as well as some proposed solutions. By knowing ineffective elements possessed, it is expected that the organisation can determine some improvement plans to increase its effectiveness. Therefore, having improved organisational practices will favourably affect the satisfaction of both employees and customers, which then support the organisation to deliver greater impact to the society, particularly in supporting nation's economic development.

Research Method
This study was conducted by implementing a mixed method research approach, where it combines both quantitative and qualitative methods. The quantitative approach was performed through survey distribution, while the qualitative methodology was accomplished through observations and interviews (Amran et al., 2018).

A mixed method type of triangulation data transformation model is chosen to assist the research process which is aimed to enhance findings resulted from quantitative data. According to Creswell (2014), triangulation data transformation model involve a separate collection and assessment of both quantitative and qualitative data sets. It also includes quantitative data transformation process into qualitative data, where it allows the combination and interrelation of collected two data sets. Firgure 2 presents the triangulation mixed method.
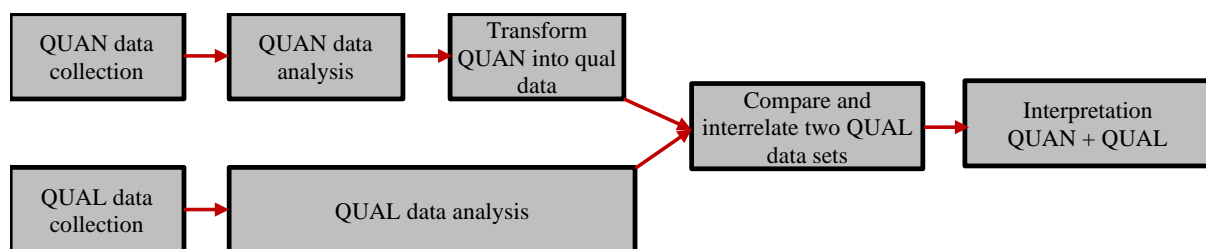
Figure 2: Triangulation Mixed Method - Data Transformation Model

Service Quality Analysis
In order to confirm the implication of deteriorated ABC office division employees' satisfaction and commitment to customers' satisfaction, Service Quality (SERVQUAL) survey questionnaire was distributed to ABC office division's customers, who are volunteers that appointed to be positioned in ABC's five core divisions and sub-divisions. Distributed

SERVQUAL survey questionnaire that was designed into two parts, which are respondent's profiles and 20 statements related to SERVQUAL model, have passed validity test and reliability test (Julio, 2016). Questionnaires have been used extensively in social science studies to gather data (Ooi et al., 2021; Yeap et al., 2021; Gim et al., 2022; Gunabalan et al., 2022). Conducting a survey questionnaire qualifying quantitative data process and analysis using Likert scale method, ABC office division's customers survey questionnaire results are as follows:

Table 1: SERVQUAL Survey Questionnaire Results

Dimensions	Q	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Score	Total Score	Rating
Tangibles	Q1	4	13	6	13	1	117		
	Q2	12	22	2	1	0	156		
	Q3	10	21	4	2	0	150	864	GOOD
	Q4	7	20	8	2	0	143		
	Q5	11	22	3	1	0	154		
	Q6	8	20	6	3	0	144		
Reliability	Q7	2	12	15	7	1	118		
	Q8	0	17	14	5	1	121	480	FAIR
	Q9	4	11	14	8	0	122		
	Q10	2	15	10	9	1	119		
Responsiveness	Q11	2	15	13	7	0	123		
	Q12	3	15	14	5	0	127	381	GOOD
	Q13	3	17	14	3	0	131		
Assurance	Q14	4	22	9	2	0	139		
	Q15	1	14	18	3	1	122	520	GOOD
	Q16	1	24	9	3	0	134		
	Q17	1	17	14	5	0	125		
Empathy	Q18	8	26	2	1	0	152		
	Q19	4	21	8	4	0	136	435	GOOD
	Q20	7	23	6	1	0	147		

Based on the SERVQUAL survey questionnaire results, it seems to be proven that a deteriorated employees' satisfaction and commitment have been affecting quality of service provided, as 'Fair' rating exists on Reliability dimension and no 'Very Good' rating represents on any of SERVQUAL dimensions assessed.

A simultaneous yet separate qualitative data collection was conducted to enhance and confirm findings resulted from quantitative data collection approach. Qualitative data collection was performed through conducting a semi-structure interview process to two of ABC office division's customers. Determination of two samples of interviewed customers is underlined by the findings conducted by Breitmayer, Ayres and Knafl (1993) which stated that two samples are considerably adequate to complement or validate a mixed method research methodology (Sandelowski, 1995). Equipped by some predetermined questions have made the open-ended question two ways of communication more focus and directed.

According to interviews results conducted, it is indicated that both customers considerably satisfied with the Tangibles dimension and dissatisfied with Reliability dimension of ABC office division. They argued that both aspects are related to each other, where a lack of reliability aspect or inability to provide complete, clear, and accurate information as well as difficulties in finding appropriate employee to help customers' need in ABC office division, have been unfavourably impacted other dimension of service quality, which is Assurance dimension.

Having findings in relation to both employees' satisfaction and commitment and customers' satisfaction of ABC office division, it is proven that deteriorated employee's satisfaction and commitment have been impacting customer satisfaction (Ooi et al., 2022), particularly in Reliability dimension.

It is important for the organisation to identify ineffective organisation practices which had caused a declined of employee's satisfaction and commitment. Hence, the organisation can formulate some improvement plans to address the ineffectiveness, which is expected to improve employees' satisfaction and commitment, customers satisfaction and loyalty as well as supporting organisation's growth.

ABC Office Division Ineffective Elements' Analysis
The identification of ineffecitve organisational practices possesed by ABC office division was conducted using McKinsey 7S model. McKinsey 7S model is a strategic planning tool which was developed by McKinsey consultants in 1980s, which aims to focus on seven elemts of effective and sucessful organisation. It is believed that the interconection and alignment of seven elements, which are Strategy, Structure, Systems, Shared Value, Style, Staff, and Skills, allow the organisation to function effectivly in order to achieve its obejctives (Ravanfar, 2015).

A valid and reliable survey questionnaire which was developed in accordance to McKinsey 7S model, also distributed to employees of ABC office division (Putri, 2019). The aim of McKinsey 7S survey questionnaire distribution is to assess the effectiveness or discover ineffective elements possessed by internal management of ABC office division. With 28 employees in ABC office division, the survey questionnaires were distributed to only 22 employees, not including 6 non-administrative employees such as drivers, office boys, electrician, and gardener, into the assessment. Employing Likert scale conversion method in qualifying quantitative data set on developed 45 McKinsey survey questionnaire results, McKinsey survey questionnaire results conducted to ABC office division's employees, are shown in Table 2.

Based on McKinsey 7S model survey questionnaire results, it is revealed that some of ineffective elements or organisational practices possessed by ABC office division, are related to Structure and Systems elements. Such judgments were made due to 'Fair' rating on Structure and Systems elements, resulted from employee's McKinsey 7S model survey questionnaire. With no elements in 'Very Good' rating category and two elements on 'Fair' rating category, it is suggested that ABC office division to improve all of its internal elements, particularly 'Fair' rating elements. It expected that improved organisation's internal elements or practices, could help the organisation to function effectively. Therefore, with the help of satisfied employees and customers, the organisation is able to achieve its full potential for impacts.

Table 2: McKinsey 7S Survey Questionnaire Results

Elements	Q	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Score	Total Score	Rating
Strategy	Q1	12	8	2	0	0	98	546	GOOD
	Q2	8	10	4	0	0	92		
	Q3	5	12	4	1	0	87		
	Q4	5	12	5	0	0	88		
	Q5	8	12	2	0	0	94		
	Q6	6	10	5	1	0	87		
Structure	Q7	2	6	9	5	0	71	366	FAIR
	Q8	2	10	10	0	0	80		
	Q9	2	11	4	5	0	76		
	Q10	2	6	12	2	0	74		
	Q11	2	3	10	6	1	65		
Systems	Q12	6	12	2	1	1	87	502	FAIR
	Q13	4	6	8	4	0	76		
	Q14	2	6	12	2	0	74		
	Q15	1	4	7	10	0	62		
	Q16	2	6	13	1	0	75		
	Q17	2	5	4	8	3	61		
	Q18	1	7	7	6	1	67		
Shared Values	Q19	13	9	0	0	0	101	427	GOOD
	Q20	3	14	5	0	0	86		
	Q21	0	10	10	2	0	74		
	Q22	2	13	6	1	0	82		
	Q23	3	13	5	1	0	84		
Style	Q24	2	10	9	1	0	79	398	GOOD
	Q25	4	5	9	4	0	75		
	Q26	2	7	9	4	0	73		
	Q27	4	11	7	0	0	85		
	Q28	4	13	4	1	0	86		
Staff	Q29	3	11	5	3	0	80	551	GOOD
	Q30	5	12	4	1	0	87		
	Q31	1	7	7	7	0	68		
	Q32	2	6	11	3	0	73		
	Q33	0	7	11	4	0	69		
	Q34	5	13	3	1	0	88		
	Q35	4	15	0	3	0	86		
	Q36	4	15	3	0	0	89		
	Q37	5	16	1	0	0	92		
	Q38	5	15	2	0	0	91		
	Q39	4	13	5	0	0	87		
Skills	Q40	2	15	4	1	0	84	906	GOOD
	Q41	11	10	1	0	0	98		
	Q42	6	14	2	0	0	92		
	Q43	5	14	3	0	0	90		
	Q44	6	12	4	0	0	90		
	Q45	9	10	2	1	0	93		

Similar to a conducted service quality analysis, a separate and simultaneous observation that followed by semi-structure interviews to three employees were also conducted to enhance results findings driven by the survey questionnaire. Analysing the interview results, it is concluded that there are three mentioned ineffective elements felt by the employees, which are Structure, Systems, and Staff.

Both McKinsey 7S survey questionnaire and interview results indicated Structure and Systems as two ineffective elements in ABC office division, thus it is suggested for ABC office division to focus on improvement plans for these two elements. Moreover, these two elements are believed to be the hampered of organisation's growth, align with 80/20 Pareto Principle which stated that 80% of effect resulted from 20% of causes (Craft & Leake, 2002).

Root Cause Analysis
As identified that two of most ineffective elements owned by ABC office division are Structure and Systems, thus the organisation can focus and formulate the improvement plans for both those elements. After conducting Kepner-Tregoe Decision Making Analysis to organisation's leaders, this article will only focus on one identified ineffective element, which is Structure element. Fishbone Diagram is utilized to assist the root cause analysis, which to identify causes of ineffective of Structure element in ABC office division.

Based on root cause analysis, there are four identified problem categories that cause ineffective Structure element in ABC office division, which are Organisation Structure, Management, Environment, and People. In Organisation Structure problem category, it is identified that flat organisation structure and poor communication are two major factors contributing to ineffective Structure element. The current flat organisation structure has led the organisation to have an unmanageable wide span of control, while poor communication is due to broken chain of command and unclear communication patterns/channels employed by ABC office division. Two causes of Management problem category affecting ineffectiveness of ABC office division's Structure element are role ambiguity and lack of supervision. Overlapping job responsibilities and no certain measurements to assist employees' monitoring and evaluation activities, not only cause role ambiguity and the absences of supervision activities, but it also one of reasons that demotivated employees to work. Moreover, ineffective working space arrangement as Environment problem category is also considered as factor contributing to ineffective Structure element in ABC office division. Misarranged and inappropriate forms of office have been hampering the organisation to have a collaborative and effective working environment. People problem category is also contributing factor to ineffective Structure element of ABC office division. Lack of teamwork and motivation due to the absence of employees' training and monitoring also add to the ineffectiveness of ABC office division's Structure element.

Knowing problem categories as well as its causes that contribute to ineffective Structure elements help the organisation to formulate the improvement plans. However, as McKinsey 7S elements are correlated to each other, hence improvements of ABC office division's Structure element will have effects to other elements in ABC office division.
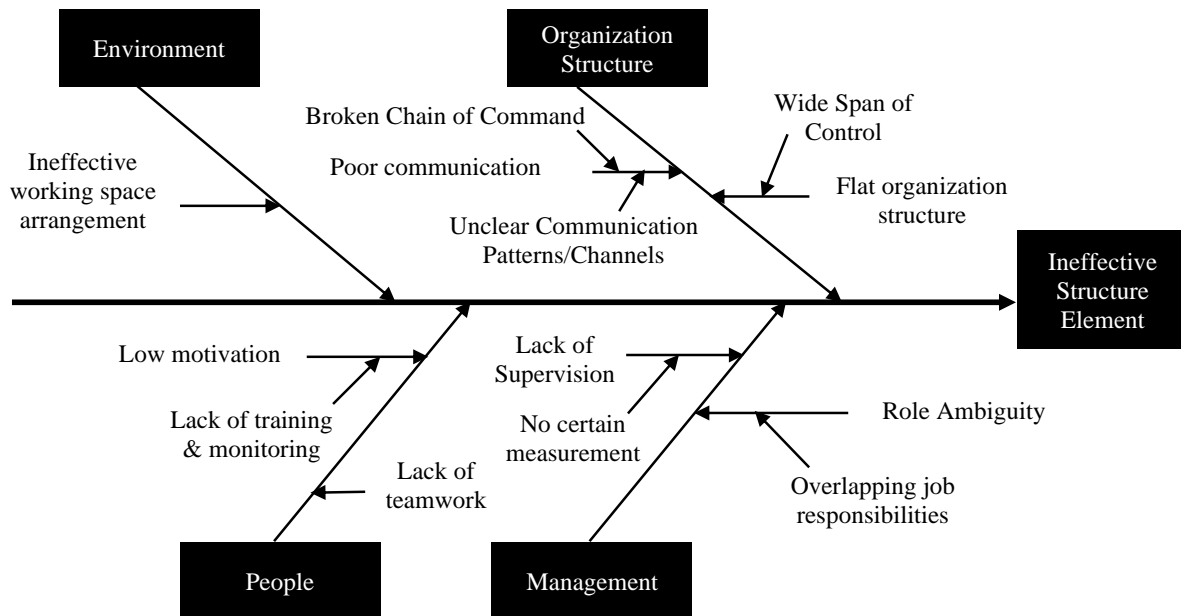
Figure 3: Fishbone Diagram of Ineffective Structure Element in ABC office division

Discussion and Recommendations

Strengths, Weaknesses, Opportunities, and Threats (SWOT) and Threats, Opportunities, Weaknesses, and Strengths (TOWS) matrix of analysis were employed to help the organisation in finding most appropriate alternative solutions to address ineffective Structure element in ABC office division. SWOT analysis aims to identify and concern on both internal and external factors involved in organisation, while TOWS matrix analyses the relationship between those identified internal and external factors. TOWS matrix analysis assists organisation to leverage its strengths and opportunities to overcome the weaknesses and threats encountered by the organisation. TOWS matrix analysis that aims to determine some of solutions to improve the effectiveness of ABC office division's Structure element, are shown in Table 3.

Based on TOWS matrix analysis, there are seven alternative solutions proposed to the organisation and are believed to be highly effective in improving Structure element of ABC office division. The grouping arrangement of those seven alternative solutions into each of four problem categories, are shown in Table 4.

Given those proposed seven alternative solutions, it is expected that the organisation is able to improve the effectiveness of its current organisational practices, particularly on its Structure element. Enhanced and effective organisational practices in ABC office division will improve employee's satisfaction and commitment, which then lead to a better quality of service provided. With better quality provided, it will affect customers satisfaction and loyalty, which then support the sustainability of organisation's growth. Thus, it enables organisation to contribute and give more impacts to society.

Table 3: TOWS Matrix Analysis

	STRENGTHS S1: Strong and supportive leaders S2: Workforce strengths S3: Well-recognized organization	WEAKNESSES W1: Ineffective organization structure W2: Poor communication W3: Lack of supervision W4: Ineffective office layout arrangement W5: Lack of teamwork W6: Low motivation
OPPORTUNITY O1: Organization significant growth → increase income O2: Broad partnership and relationship O3: Technology Enhancement	S/O Strategy 1. Employees recruitment (S1, S3, O1, O2)	W/O Strategy 1. Refinement of organization structure (W1, W2, W3, W5, W6, O1, O2) 2. Communication patterns/channels enhancement → Implementation of cloud based unified communication platforms (W2, W5, O3) 3. Office layout rearrangement (W2, W3, W4, W5, O1, O2) 4. Team building event (W2, W5, W6, O1, O2)
THREAT T1: Competition from other organization that attract talented employees T2: Unstable income → depend on donations	S/T Strategy 1. Better management → clear job descriptions and employees' KPIs (S1, S2, S3, T1)	W/T Strategy 1. Improve employees' teamwork and motivation to conduct donation events (W5, W6, T2)

Table 4: Grouping Arrangement of Proposed Alternative Solution, Based on Identified Problem Categories

No.	Problem Categories	Proposed Solutions
1.	Organization Structure	Refinement of organization structure Communication patterns/channels enhancement → Implementation of cloud based unified communication platforms
2.	Management	Better management → clear job descriptions and employees' KPIs
3.	Environment	Office layout rearrangement Team building event
4.	People	Employees recruitment Improve employees' teamwork and motivation to conduct donation events

Conclusion

As a non-profit organisation, religious organisation is considered as a type of organisation which are proven to have positive relationship to country's economic development. However, such great contribution is often impeded due to common issue encountered by non-profit organisation, where it tends to be strongly led but underperformed in management area. Ineffective organisational practices are frequently noticed and sensed by both employees and customers in organisation. Service Chain Model stated that organisation practices are highly correlated to impact employees' satisfaction and commitment. Where employees' retention and behaviour could impact to quality of service provided by the employees, which then affect customers' satisfaction. Satisfied customers are proven to be loyal and willing to give referrals to their relatives, and such things support the organisation's growth.

Based on case study conducted to an office division in religious organisation, it is proven that the existence of ineffective organisational practices has led the organisation to experience a deteriorated employee satisfaction and commitment, that represented through high employees' turnover rate and lateness records as well as some identified unfavourable employees' behaviours. Moreover, it is also confirmed that a declined in employee satisfaction and commitment have been affecting the quality of service provided, which also influence customers' satisfaction. Based on customers' satisfaction analysis, it is shown that Reliability dimension is one of service quality dimensions that affected the most by low quality of service provided by ABC office division's employees. Such dissatisfaction of customers has caused the organisation to growth at a slow or declining rate of increase, which was 23% of increase in period of 2016 to 2017, 16% of increase in year 2017 to 2018, and only 6% of increase in period of 2018 to June 2019.

To identify ineffective organisational practices or elements possessed by ABC office division, McKinsey 7S model was used. Based on quantitative and qualitative data collection processes, it is identified that two of most ineffective elements owned by ABC office division are Structure and Systems. Conducting Kepner-Tregoe Decision Making Analysis, Structure element of ABC office division was chosen to be the focus element to be further discussed on this article. Therefore, root cause analysis of Fishbone Diagram that aims to identify factors contributing to ineffective Structure element was conducted. According to the analysis, it is identified that there are at least four contributing problem categories that cause ineffective Structure element in ABC office division, which are Organisation Structure, Management, Environment and People problem category.

Implementing SWOT and TOWS matrix analyses to identify most appropriate alternative solutions for improvements, there are seven alternative solutions proposed and believed to be highly effective in addressing ineffective Structure element in ABC office division. Categorizing those seven alternative solutions into each of four problem categories, refinement of organisation structure and communication patterns/channels enhancement through the implementation of cloud based unified communication platforms are believed to be effective in addressing Organisation Structure problem category. Providing clear job descriptions as well as implementation of employees' KPIs are appropriate in solving Management problem category. Environment problem category is suggested to be solved by performing office layout rearrangement to address ineffective current working space arrangement. To address People problem category, the organisation is recommended to conduct office team building event to improve employees' teamwork and motivation, recruit more qualified employees to support the organisation's growth, and conduct donation events to anticipate unstable income generated by the organisation.

It is expected that the organisation could implement and formulate implementation plans of those seven propose alternative solutions, thus ABC office division could improve its Structure element. Improved organisational practices in ABC office division will favourably impact employee's satisfaction and commitment, which are shown through high employees' retention and positive behaviours. Thus, it leads to a better quality of service provided which will improve customers satisfaction, loyalty, and referrals behaviours, which eventually impact to the organisation's growth. As the organisation function effectively, it enables the organisation to contribute and give greater impacts to society, particularly in supporting nation's economic development.

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