

**The Impact of an Organizational Development Intervention on Employee
Inter-functional Coordination and Employee Synergy to Foster Innovation :
A Case Study of BST co. Ltd.
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Abstract

With the changing business environment have come environmental forces alerting organizations to foster innovation as a way to survive the turbulent situation and thrive with accessible opportunities. Organization development interventions (ODI), which focus on the human social system of an organization have gradually gained acceptance as mechanisms needed for organizational vitality. In addition, market orientation has been well documented in the literature as the key provenance of organizational innovation. However, while most studies have investigated the relationship between the three market orientation elements - customer orientation, competitor orientation, and inter-functional coordination with organizational innovation - this research focuses on determining the impact of an ODI on the improvement of employee inter-functional coordination and employee synergy in order to foster innovation in a multinational subsidiary organization which operates without the governance of a single authority. The research process follows an Action Research model. The results indicate that the planned ODI had a significant impact on the improvement of employee inter-functional coordination and synergy, while having some marginal impact on the improvement of innovation. This research also identified a positive relationship between employee inter-functional coordination and employee synergy and innovation within the organization.

Keywords: Action Research, organization development intervention, inter-functional coordination, synergy, innovation.

Introduction

Change has been a constant entity of the universe since it first came into existence. Change introduces, among other, newness, which can be seen either as an opportunity or as a problem.

In today's world, change has increased in amount and magnitude and its pace accelerated. As a result, it can create timely huge opportunities or, conversely, cause serious problems to organizations as the latter, as open systems, are inexorably affected by their external environment. Today's external environment, referred to as the "era of globalization," is one of the effects which change has brought.

This era of globalization has, among other, intensified competition making cost savings

programs a necessity for most organizations. And in order to better utilize resources for cost saving purposes, many multinational enterprises (MNEs) have focused on integrating mechanisms to co-coordinate and control subsidiaries via global strategies.

Typically, top management positions in multinational subsidiary organizations are regarded as middle-management from an MNE's perspective. They are not perceived as necessary by parent companies since MNEs subsidiaries are not required to adopt their own policies and strategies but are instead expected to follow set directions, guidelines, and strategies. Playing the role of followers, these subsidiary organizations are thus not taking many initiatives for themselves as they have little room to do so.

In addition, it is common practice to have the functional/division heads of the subsidiary organizations report directly to their functional manager/unit managers at headquarters. This

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