

Teaching Case

Starlight Optical : Embracing All That Glitters ?

Jan-Jan Soon*

Tracy hung up the phone, and twirled her pen nervously. She then paced up and down her office restlessly. She just got off the phone with one of the salesmen. He was urgently pushing for her decision to whether or not to place any orders for an assortment of top designer eyewear. It was to be an assortment that was rather exclusive by the Malaysian eyewear retail industry standard. To compound to the urgency of her decision, it was not every day that salesmen carrying such top designer eyewear would travel all the way to small towns like Changlun to promote such products. It was only due to intense road-shows by the top brands, as part of their concerted large-scale promotion in Asia, that the salesmen were carrying such exclusive high-end brands. If Tracy were to postpone her decision and not place any orders, it could be a long wait for her before the next chance came by. That was why Tracy had to make up her mind overnight, though she had been mulling over it for the past week.

Overview of Starlight Optical

Starlight Optical in small-town Changlun was established by Madam Ho in 1996. It started off as the first and sole optical store in Changlun. By 2013, Madam Ho handed the full operation of the business to her daughter, Tracy Chao. Tracy had obtained a professional optician qualification, i.e. the Fellow of British Dispensing Opticians (FBDO) professional degree. This would qualify her as a licensed dispensing optician. Towards the end of her studies at the Axismatics Professional Institute, Tracy put her knowledge and skills to practice by working with optical retail stores in Kuala Lumpur. She first worked with Radiance, a family-owned optical business with a number of branches scattered around the capital city. After graduating, and with her FBDO qualification, Tracy worked at Focus Point, one of the largest optical chain stores in Malaysia.

Upon gaining experience and exposure in the optical industry, Tracy returned to Changlun to assist Madam Ho with the daily operations of Starlight Optical. Towards the end of 2005, Starlight Optical opened its first branch in Changlun, managed by Tracy. In 2013, Madam Ho closed down her store and shifted all her stocks of frames and lens to Tracy's store. In terms of Starlight's management organisation, Tracy would now be the managing director (MD) while Madam Ho the assistant MD. Both of them were also the shareholders of Starlight Optical. There were two store assistants manning the store and running its daily operations, with customer services and sales making up the bulk of their responsibilities.

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Starlight Optical was located at the heart of Changlun's retail centre, where Tracy had initially rented the premise and bought it eventually. With high volumes of car and foot traffic, it was the busiest retail precinct in Changlun. Most of the businesses, retail stores, eateries, and banks converged in that area. The Bukit Kayu Hitam sprawling industrial area was situated to the north of Changlun, University Utara Malaysia to its east, and the Changlun Matriculation College to its west, all within a 10-kilometre radius. A larger town, Jitra, lied 20 kilometres south of Changlun.

Product And Services

For any optical stores, frames would be the main product. In addition to prescription lens, contact lens, and sunglasses, Starlight Optical carried a diverse array of frames, ranging from a price of less than RM250 to approximately RM600. Starlight had in its ready stock approximately a total of 1,000 pairs of frames to cater for different tastes and preferences. Starlight had a good credit reputation with its frames/lenses/sun-wear salesmen. In small towns such as Changlun, it is the norm of the optical industry for the salesmen to only choose one retail store to place their brands. Since Starlight Optical had good credit reputation all these years, Starlight was the natural choice for the salesmen.

Frames with a price tag of RM250 or less made up about 50% of Starlight's assortment of frames. Midrange-priced frames were between RM250 and RM400, and these made up about 40% of the frames carried by Starlight. Among Starlight's highly priced frames, i.e. between RM400 to RM600, were brands such as Police, Seiko, and Oris. Starlight also had in its collection Rayban sunglasses with a price range between RM400 to RM800.

Every frame could be affixed with different types of prescription lenses such as multi-coated lenses (i.e. with anti-reflective, scratch-resistant, anti-static, and anti-smudge coatings), high-index lenses (i.e. thin and light lenses), and photochromic lenses (i.e. lenses that darken when exposed to sunlight), and bifocal/multifocal/progressive lenses (i.e. to see at different distances). Starlight's prescription lenses are mostly from established brands such as French-originated Essilor and UK-based Hoya Lens. These two companies are among the top global manufacturer and supplier of ophthalmic lenses.

In addition to sales of eyewear products, it was Tracy's business philosophy to provide impeccable customer service. Starlight provided complimentary eye tests, advice on eye-care and eyewear product care, referrals to ophthalmologist, and product deliveries. Starlight also made periodic after-sales call-backs to gauge customers' satisfaction. As part of Starlight's corporate social responsibility, it offered special discount rates for students, senior citizen, and physically disabled persons.

Competitors & Customers

The first competitor to Starlight Optical joined the bandwagon August 2005 when Changlun's first retail centre, C-Mart opened. Starlight's competitor was situated inside C-Mart where the high volumes of foot traffic were usually translated into actual sales. As years went by, more and

more optical stores were set up in Changlun; Starlight Optical had to vie for a slice of the market with 5 competitors.

Starlight's products did not differ much from those of its competitors. Differences were mainly in the form of packaging and services. For example, Starlight had come up with a special price student package within the range of RM100 to RM200, which was inclusive of a pair of frames and lenses. The frames used for this package were mostly in-house brands from China. Unlike most of its competitors, Starlight did not engage in price wars. Tracy held on to her principle not to lower prices in order to attract more customers. To her, such price wars might be successful in the short-run to attract one-time customers, but would not be sustainable in the long-run if the strategy was to build a base of loyal customers and in retaining them. Instead, one of Starlight's missions was to provide value-for-money products and services, and never to compromise on quality.

Starlight had a strong customer base. About half of them were returning customers, and remaining were new customers. Customers aged between 21 and 40 made up the bulk of Starlight's customer base (35%). These customers were mostly young working adults and university/college students. This did not come as a surprise. Starlight was located in close proximity with three institutions of higher education, i.e. Universiti Utara Malaysia, Universiti Malaysia Perlis, and Kedah Matriculation College with a respective student population of about 30,000, 7,000, and 2,000. According to Tracy, the cohorts of student population change every 3 to 4 years. Starlight was also a frequent participant of UUM's annual sales carnival typically held during new student intake seasons. Among the UUM student population, there was the international student segment, mostly from China, Africa, and the Middle East.

The Issue : Luxury Eyewear

To Tracy, luxury is as much about established brand names as it is about craftsmanship and quality. In the eyewear industry, luxury eyewear typically refers to frames with high-end prices. At the moment, the highest-priced frames that Starlight was carrying were frames from the Police, Oris, and Seiko brands, i.e. in the range between RM400 and RM600. These prices were relatively low if compared to the even more exclusive top designer eyewear (i.e. with price tags of RM1,000 or higher) such as Miu Mui, Bvlgari, Burberry, Versace, Tiffany & Co., Tom Ford, Jimmy Choo, Valentino, Prada, Oliver Peoples, and Oakley.

According to Starlight's many frames and lens salesmen, any optical stores intending to order any of the luxury eyewear would have to register an account with, for example, the Oakley brand. After having registered, an optical store would be able to submit an order for the Oakley frames. Luxury eyewear orders could only be in the form of bulk orders. For the Oakley frames, any orders would come in a minimum of 50 pairs of frames (i.e. a full range collection of different shapes, sizes, and colours), and the cost had to be paid upfront upon ordering. This was Tracy's predicament – if Starlight was to carry a luxury eyewear brand that could not sell as well as expected, Starlight would be unable to recoup its investment. Nevertheless, Tracy was contemplating carrying the Oakley luxury brand as a start; she dubbed it as Starlight's 'Project Luxury'. If Tracy was to miss out on the salesmen's call this time round, it would be uncertain when the next opportunity would come by. This was because at the moment a number of the

exclusive eyewear brands such as Oakley were promoting their products in Asia with a special time-limited promotional retailer price. Tracy wanted to take advantage of the special retailer price offer. At the same time however, Tracy worried if her 'Project Luxury' could take off, and if Starlight could recoup the costs associated with the sales of luxury eyewear.

GOOD AND POOR HABITS OF CREDIT CARD : LESSON LEARNED

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1.0 Introduction

Tiffany is a fresh graduate who has newly joined as a junior executive in one of the top fashion magazine companies, IZZI Magazine. In order to adapt to the new working environment, Tiffany needs to spend on clothing, shoes, makeup and accessories.

Whenever Tiffany goes to shopping mall, credit card promotions will be offered to her. Tiffany quite excited with the services provided by the credit card salesperson and gift given to her once she agreed to sign the credit card application form. Since Tiffany is a fresh graduate, the bank offers her a credit card with a limit of RM 7, 000.00 only as a start.

For Tiffany, credit card is the starting point for a modern life. Without realizing, Tiffany now owns three credit cards from two different banks. Each credit card offers different packages and features as an attraction.

After 2 years.

On 5th February 2016, Tiffany received a phone call from GOGO Bank. The banker explained to her that she has an outstanding credit card debt of RM 15,000.00. On top of that, she also failed to make payments for 3 consecutive months.

Tiffany panicked and shocked at the amount of her debt. At that moment, Tiffany aware that her credit card debt is out of control and will ruin her life if she does not take any action! The situation makes Tiffany feel depressed. Her financial problems also affect her job performance. Tiffany does not know what to do! In a worried and stressful situation, Tiffany recount about her financial problems with her friend.

The next day, Tiffany seat at her office desk and looks very depressed looking at some papers in her hand. Her condition was noticed by her friend and asked "Tiffany, are you okay? What's up, what's the problem?" Tiffany showed the piece of paper she was holding it to her friend. "Oh my god! Tiffany! What you have done?" Tiffany's friend shock and asked after perusing the papers given by Tiffany. Tiffany cried and explained about her credit card problems. Tiffany's friend remembered that she heard about AKPK while driving this morning in Sintok FM radio. Without delay, Tiffany friend suggested her to get information about AKPK and contact the agency as soon as possible.

At AKPK's Office, Alor Star Branch

15th February 2016, Tiffany was in her mid-20s, has come to AKPK with worry and a sad face. She was on the verge of a severe credit card debt and seem confused about her future with the debt. In general, youth in Malaysia is facing financial difficulties caused by the mismanagement of credit cards. Thus, how credit cards have implications for human life?

2.0 AKPK: The Background



The Credit Counselling and Debt Management Agency, or commonly known as Agensi Kaunseling dan Pengurusan Kredit (AKPK), is an agency set up by Bank Negara Malaysia in April 2006. Their mission is "Make Prudent Financial Management a Way of Life". Meanwhile, AKPK

vision is to create a society that is financially savvy, to be recognized as the trusted provider of financial education to adult consumers and continue to promote financial prudence. AKPK aims

to help individuals take control of their financial situation and gain peace of mind that comes from the wise use of credit.

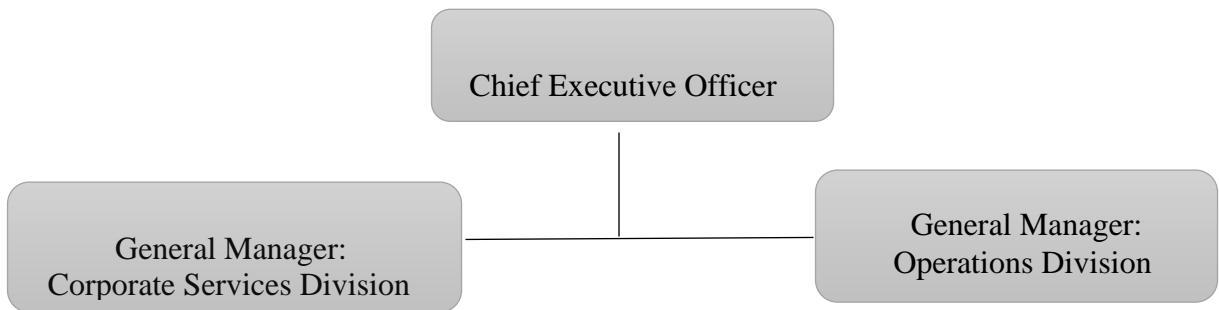
In brief, AKPK set up at the height of the financial boom in 2006. Bank Negara Malaysia took a pre-emptive move by setting up Agensi Kaunseling Dan Pengurusan Kredit (AKPK) as part of the Financial Sector Master Plan (2000 - 2010). AKPK is a one-stop center for Malaysians who seeking financial counselling and services provided by AKPK are free. Their target group is individuals, both young and old, found themselves in debts they could not manage.

AKPK have been successful in constructing an approach to educate the public through main three services, namely, financial education, financial counselling and debt management program. Financial educations teach about the responsible use of money and credit management skills. Meanwhile, financial counselling provides counselling and advice on financial management. Lastly, debt management program is to assist consumers to regain financial control. Furthermore, AKPK website provides an online learning centre such as financial calculators, success stories for motivation, related tips and articles.

AKPK Board of Directors are as follows:

Chairman: Y. Bhg. Dato' Mohd Hanif Bin Sher Mohamed
Board Member: Y. Bhg. Datuk Fazlur Rahman Bin KMM Ebrahim
Board Member: Y. Bhg. Datuk Mahani Tan Abdullah
Board Member: Mr. Abu Hassan Alshari Yahaya
Board Member: Mr. Nik Hassan Bin Nik Mohd Amin
Board Member: Madam Jessica Chew Cheng Lian

Equally important is their management team. The AKPK management team consists of:



Under corporate services and operations division they have (1) financial education department, (2) corporate communication department, (3) Debt Management Program department, (4) compliance and risk management department, (5) channel management department, (6) information technology department, (7) human capital department, (8) finance department and (9) administration department.

AKPK headquarter is located at Level 8, Maju Junction Mall, Kuala Lumpur. They have 10 branches located in Malaysia including one branch in Sabah and one branch in Sarawak. In addition to that, 28 counselling offices are located throughout Malaysia.

In this case study, a person authorized to sign a release form is Mr. Mohd Nordin Abdul Rahman, AKPK Manager at Alor Setar branch. The branch is located at No 11, Ground Floor, Jalan Persiaran Sultan Abdul Hamid, Kompleks Sultan Abdul Hamid and he can be contacted using landline at 604- 771 5773 extension 106.

3.0 Counselling session begin.

Tiffany's friend who know about her financial problem suggest her to call AKPK, in helping her to minimize her credit card debt. Then Tiffany tried to find AKPK contact information via AKPK website "<https://www.akpk.org.my>". While looking for contact information, Tiffany carefully read services offered by AKPK and one of the AKPK services are a Debt Management

Program (DMP). Right after that, Tiffany called AKPK Alor Star, Kedah branch and asked about the program. AKPK officer explained to her that DMP is a program where AKPK counselors will work with borrower to develop a personalized debt repayment plan in consultation with their financial service providers without any consultation fee. The aim of this program is to help those who are distressed by their financial obligations to financial service providers under the purview of Bank Negara Malaysia (BNM). Immediately, Tiffany signed up for the program using AKPK online application “<https://www.akpk.org.my/debt-management>”. Tiffany needs to provide information such as personal details, cash flows (income and expenses) and creditors’ information in the online submission.

On Monday morning, 15 February 2016, Tiffany was ready to attend the program with an open mind and with a hope to find a solution to her financial problems. In the AKPK office, Tiffany had to attend 30 minute public briefing. After the public briefing, Tiffany was introduced to one of the AKPK counsellor, Mr. Andrew. Mr. Andrew asked Tiffany if she was free for an immediate counselling session or would she like to make another appointment at her convenience.

Tiffany said that she was happy to continue with counselling session immediately. Hence, Mr. Andrew led her to one of the AKPK’s counselling rooms and begin the counselling session.

Mr. Andrew: How are you Tiffany?

Tiffany: Fine, thank you, but a bit upset with my credit card debts.

Mr. Andrew: It is okay, no one is perfect in this world and we are glad that you have taken a right step by visiting our AKPK Alor Star branch and enrolled our DMP program.

Tiffany: Thanks to you too, and for your time.

Mr. Andrew: Well, shall we begin our counselling session?

Tiffany: Yes, please.

Mr. Andrew: Could you share with me your financial predicament?

Tiffany: Yes, of course.

The problem started when I got my first credit card and I was so excited with the gift offered to me. I think paying the minimum every month will be fine and no issues. After that, I started to get more credit cards with packages that are more attractive. One of the reasons why I apply more than one credit card is because my credit limit is only RM7,000.00 at that time. I need more money for my expenses. Sometimes, I do withdraw using credit card when I do not have enough money for shopping.

Now I feel so bad and embrace with my poor financial management.

Mr. Andrew: I see, before I proceed with your monthly expenses and other relevant things. May I check if you have brought all the relevant documents to proceed this counselling session?

Tiffany: Yes, those documents are:

1. Latest credit card statements (refer to Exhibit 1)
2. Latest salary slip (refer to Exhibit 2)

Mr. Andrew: Okay, those are the correct documents. Let me ask my staff to print your latest Central Credit Reference Information System (CCRIS) report.

Tiffany: Okay (with a sullen look)

After 10 minutes.

Mr. Andrew: Now, we have your CCRIS report and the report shows that you have outstanding of three credit card bills with 2 different banks about RM 15,051.70.

Tiffany: I guess so (Tiffany sigh).

Mr. Andrew: Just to check with you, do you know the concept, roles and functions of credit card?

Tiffany: (Tiffany ponder for a while)

I think credit card is a card where you can borrow money to buy things and pay later.

Mr. Andrew: True and Andrew explains the concept, roles and functions of credit card.

Why do you really need to apply credit card? Is it for a specific purpose like

air miles or petrol discounts, or is it just to fatten your wallet and boost your spending power?

Tiffany: I need a credit card for shopping to purchase clothes, shoes and accessories because I rarely bring cash for shopping and most of the time I run out of cash when I am at the mall.

Oh yeah! Sometimes I also use a credit card for petrol and groceries.

Mr. Andrew: I see. Firstly, we need to focus what is the main purpose in getting a credit card. There is a wide range of cards that can match our lifestyle and spending needs. As an example, credit card was chosen due to low interest rates and fees, rewards and point, travel, business, cash back, petrol and others.

Besides, we also need to understand that credit card is different compared to debit card or charge card.

Tiffany: Now, I realized that I should focus on the purpose in using my credit card.

Mr. Andrew: Yes and you should consider again the purpose why you apply credit card after this.

On average, how much do you spend using credit card monthly?

Tiffany: I am not sure about that. I just use the credit card and what I only know that every month I just have to a pay minimum amount to avoid interest.

Mr. Andrew: Oh, I see. Can you tell me, what was your biggest purchasing using credit card for the last 3 months?

Tiffany: I bought an iPhone 7 and a gold chain for my mom for her 50th birthday. Apart from that, most of my monthly spending is on clothes, shoes and accessories every month.

Mr. Andrew: Okay, now I can see your problem.

Tiffany: That is the problem, my desire and demand are high, but my salary is not matching with my lifestyle.

Mr. Andrew: So, I guess you do not have any spending budget plan, is it?

Tiffany: Oh gosh! Budget plan never come across in my mind before.

Mr. Andrew: Okay, just now you were saying that you were paying your credit card bills at minimum amount, right.

Tiffany: Yes.

- Mr. Andrew: Why can't you pay more than the minimum?
- Tiffany: I'm not sure why I can't but what I know that paying minimum amount is good enough and I don't have to put a large amount of my salary only in paying credit card bills every month.
- Mr. Andrew: Do you aware penalties that you have to pay if you were paying a minimum amount of your credit card bills every month.
- Tiffany: Tiffany shook her head, indicated that she did not know.
- Mr. Andrew: It's okay, you are not alone and do not be afraid with my questions. Stay positive with me. Questions that I am asking are to help you in all ways that I can to support you.
- Tiffany: Okay and thanks for your support.
- Mr. Andrew: You are welcome.
Before I explain, let me show you the credit card interest calculation.
- Tiffany: Oh my god!. The calculation and additional amounts for credit card payments really show a huge impact on the credit card bills.
Sometimes, I do withdraw money from an ATM using my credit card. Does this action give any impact or extra charges on my credit card bills too?
- Mr. Andrew: Yes of course. A credit card cash advance is available readily with use of your credit card through an ATM and banks are calculating the interest charges on a daily basis. A cash advance from an ATM will usually carry a fee of 5% per transaction or a minimum of RM15-25. On top of this fee, you will be charged the highest annual interest rate in the range the bank offers (usually 17-18%). If you are withdrawing a large amount, the initial 5% will be a hefty amount already and that is even prior to charging full interest.
- Tiffany: How can I lower interest rates and avoid some fees on my credit card?
- Mr. Andrew: Before eventually spiralling out of control and leaving you feeling helpless and hopeless as you watch the aftermath. Several strategies can be used to reduce or to avoid some fees that engaged with a credit card. Those strategies are:
- i. always settle your statement balance in full prior to the due date to avoid interest charges,

- ii. choose credit card that offers a low rate or no annual fee,
- iii. do not ever withdraw cash / cash advance using credit card, and
- iv. convert to easy scheme payment / zero balance transfer option.

Tiffany: Oh god, how do I deal with my massive credit card debt?

Mr. Andrew: Do not worry, every problem has a solution. Before that, I would like to ask for your permission, are you willing to co-operate with the advice given to you in order to help you out with your credit card debts?

Tiffany: Yes, I will cooperate with AKPK to settle my massive credit card debts.

Mr. Andrew: May I know about your pending bills on each credit card?

Tiffany: Yeah, I bring all my latest credit card bills to show to you. Here you are (Tiffany provides her latest credit card bills to Andrew).

Mr. Andrew: Andrew carefully examines each bill given by Tiffany.

After examining, Andrew explains and suggest various methods that can be utilized by Tiffany to settle her credit card bills. Tiffany has some bills with a small amount and some bills with a huge one.

Tiffany: After settling all my debts, how many credit cards should I maintain?

Mr. Andrew: A recommend number of credit cards a person should have is only 2. It is because the main credit card will be for active usage and a second credit card will be a passive credit card, but the second credit card is useful as emergency credit. If you lose one of your credit cards or it is stolen. It's nice to have a backup while you wait for a new replacement card to be issued. This is especially the case when you are traveling. Besides that, the second credit card might have a potential for a better credit score where, part of credit card is based on the percent of available credit that is been used. With a second credit card, the available credit goes up, and can spread the balances between the two accounts, lowering the credit card use compared to available credit. Finally, the second credit card can be an alternative card in case a merchant does not honor your primary credit card or utilized the cashback, rewards, points or discounts.

Tiffany: Can I ask you a question?

Mr. Andrew: Yes, please.

Tiffany: Are there any tools available that I can use to manage my credit?

Mr. Andrew: Actually, there is no short cut way to manage our financial unless with a strong self-discipline. The best way to deal with credit problems is to develop good habits in order not to over-spend.

Firstly, make a list before you go shopping, then try to stick to it.

Second, purchase when you need and third, look for a less expensive alternative.

Not only that, there are several websites for financial management that you can use for free such as:

- i. Debt calculation from CNN
- ii. Mint.com Financial Goals
- iii. Unbury. Me
- iv. The Debt Eliminator
- v. Learn Vest Financial Planning Program
- vi. Debt Snowball Calculator
- vii. Ready for Zero
- viii. Debt Payoff Assistant
- ix. Debt Control Free and many more.

Tiffany: Last question. How do I protect myself against credit card fraud because nowadays even a person who is educated in financial matters does fall into this trap? You know...

Mr. Andrew: Yes, yes. I understand your curiosity.

We are reading newspapers that credit card fraud happens every day around the world. What I can advise you is that, when you receive any suspicious calls, email or Short Messaging System (SMS) that asks you to provide sensitive personal information, passwords or to make transactions, do not inform him/her any information. Instead, call your bank on a number that you trust and inquired about that call or SMS or email. Remember that bank will

never ask your 4-digit card PIN or your online banking password, even by tapping them into the telephone keypad, or ask you to update your personal details by following a link in a text message, even tell you over the phone how to respond to a text message confirming a transaction and ask you to transfer money to a new account for fraud reasons, even if they say it is in your account name.

Tiffany: I feel relieved after getting all the information about credit card and your valuable advice in settling my financial problem is much appreciated.

Tomorrow definitely, I will go to the GOGO Bank to discuss and restructure my credit card debts. Hope I will be assisted by the banker to settle this problem. (Tiffany pulls a sigh of relief).

Mr. Andrew: Yes, they should, but just in case if the banker does not really give any co-operation to your matter, you can always come back here. We as authorized person by BNM can negotiate with financial institutions on behalf of the borrower to come out with some solution to overcome their financial problem. Beside you can also make complaints if the banker does not cooperate satisfactorily.

Tiffany: Thank you so much Mr. Andrew. I really appreciate your time and advice given to me. Now I know how to handle this problem.

Mr. Andrew: Tiffany once you have discussed with your banker, could you please update us for our record and follow up, so that we know our clients successfully overcome their financial problem.

Tiffany: Sure, not a problem. I will definitely update you as soon as possible.

Mr. Andrew: Thanks.

Tiffany: Thank you to you, for your time and helpful advice.

Mr. Andrew: It is my job. Take care and have a nice day.

Tiffany: Thanks and same to you.

After one year.

Now, Tiffany free from credit card debt. She followed the advice and suggestions given by Mr. Andrew. Tiffany becomes more aware and wise in her spending. A monthly budget planning is a

must and necessary in her life. Tiffany's life is more systematic, living with less worry and peacefully. Additionally, Tiffany also signs up a retirement and investment planning scheme for her golden age. She also from time to time equips herself with advanced knowledge in finance by attending AKPK talks and workshops and understands the ins and outs of personal financial management much better.

HANDLING OF CRISIS COMMUNICATION: A CASE STUDY OF CADBURY PORCINE DNA ROW

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Prologue

It was 10 p.m., 24th May 2014. Raja Zalina has just returned from her business trip to Paris. The luggage was still left unpacked at the corner of her bedroom. She was sitting on a couch, scrolling through the list of unread messages on her phone. During one week stay in Paris, she was occupied with several client meetings. Raja Zalina has been the Head of Corporate and Government Affairs at Mondelēz International (Mondelēz) for more than ten years. At Mondelēz, Raja Zalina's task was to ensure effective communication was implemented in the branding and commercialisation of its products with every member of the stakeholders, including the public. Mondelēz was renowned for its delicious snacks and legendary brands names. They emphasised good values and quality products for customers worldwide.

Getting the company's products into the market and were sustainable for consumer was among the main tasks that Raja Zalina had to deal with. In Malaysia, Mondelēz guaranteed all of its products were certified halal by Jabatan Kemajuan Islam Malaysia (JAKIM or Department of Islamic Development Malaysia). Raja Zalina ensured that all the documentations were in order, and regularly consulted JAKIM for any new issues arising out from new recipe or formulation in the company's products. When the company decided to go for Halal certification, Raja Zalina studied the details how the manufacturing process would be aligned to comply with the Manual Procedure for Malaysia Halal Certification. It did not take long for them to get the products certified since the quality and assurance control system has been in place for many years.

There were 30 conversations received while she was on board. The list was long as she got really tired reading them through. “*URGENT!!! PLEASE CALL ME BACK*” a message on WhatsApp from Azmira, her Internal Communication Executive caught her eye. Raja Zalina knew her very well that she would not text her with such phrases unless it was extremely important. It was kind of annoying since she thought of taking a good sleep that night.

Mondelēz International Company

Mondelēz Malaysia is a part of the Mondelēz International group of companies. It is widely known as one of Malaysia's favourite snacking companies which have been trusted by local consumers for their quality, safety and taste. The products and all the brands produced have been certified Halal by JAKIM. The company focuses on creating delicious moments of joy whenever and wherever the products were consumed. Mondelēz promotes indulgence and comforting, wholesome and nourishing as core values in its food products to ensure the sustainability of the brands for the communities and the world. Mondelēz took a practical approach that the company should serve the foods that fit the way people eat today and to bring joy to those small eating moments. Besides, the varieties of products allowed better choices for the families by creating new solutions and improving the company portfolio's nutrition profile.

As one of the largest snack companies, Mondelēz took responsibility on nutrition of three distinct areas. First, it aimed at improving nutrition profile current portfolio, by setting global targets to reduce sodium and saturated fat and increasing whole grains. Second, the company gave greater focus on the control by offering individually wrapped products with 200 calories or less; to help consumers managed calories and be mindful of portions. Lastly, Mondelēz believed in varieties and choices. The range of products offered by the company provides better choice than the existing brands especially when Mondelēz had a strict regulation on nutrition criteria.

Safety of People and Products

Responsible growth of Mondelēz depends on support of its employees and guarantee of safe food sold to consumers. Mondelēz worked tirelessly to achieve world-class safety standards for the foods they sold and the environment in which the employees work. As a multinational

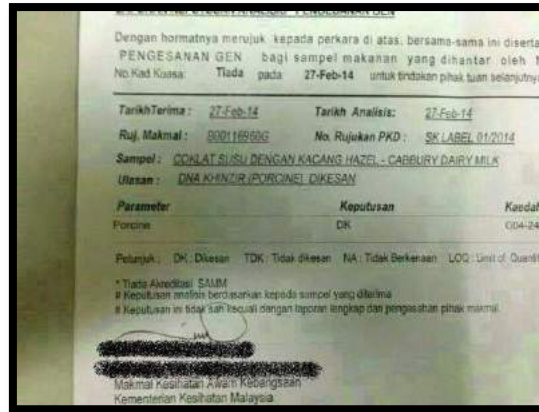
confectionary company, Mondelez was responsible for local market and a part of the market operating abroad. In sum, the company's success relies chiefly on the trust of the consumers and customers. A strong emphasis was given to food safety and quality system for our ingredients and products. Mondelez engaged closely with its stakeholders, including colleagues, consumers, customers, and regulators and paid attention to needs of improving regulatory compliance and meeting market demand.

Chocolate Products

Cadbury was founded in 1824 when John Cadbury opened a grocer's shop at 93 Bull Street, Birmingham, England. Among other things, he sold cocoa and drinking chocolate, which he prepared himself using a pestle and mortar. The brand offered a host of delicious chocolates and drinks, including the Cadbury Egg, Cadbury Dairy Milk *chocolates*, Flake, Wispa, Twirl *and* Eclairs *chocolates* *and* Cadbury Bourneville *drinking chocolate*.

Figuring It Out

On 23rd May 2014, photos of confidential, unverified lab test report dated 27th February 2014 showing the two batches in Cadbury dairy products; Cadbury Dairy Milk Hazelnut 175g with batch number 200813M01H I2 (expired on 3rd November 2014) and Cadbury Dairy Milk Roast Almond Batch 175g with batch number 221013N01R I1 (expired on 15th January 2015) were tested positive for porcine DNA went viral on WhatsApp (**Picture 1**). On 24th May 2014, the Ministry of Health confirmed that the report was issued by one of its laboratories and the affected batches were tainted. There were mounting queries from the Muslims about the halal status of the products across various social media sites, largely contesting the integrity of company as Halal certificate holder and the credibility of JAKIM in issuing the certificate to the company's products.



Picture1: Viral Photo of Confidential Test Report on WhatsApp

On 24th May 2017, JAKIM made an immediate press release that they would conduct a comprehensive investigation on other samples of the same batches taken from Cadbury factory to ensure whether there was non-compliance with the certification requirements and to determine the root cause behind the product’s cross-contamination (**Appendix 1**). JAKIM has also decided that halal certification to the affected batches were suspended pending investigation.

Cadbury proactively recalled the affected batches from the shelves. In its official Facebook page (www.facebook.com/CadburyMalaysia), Cadbury published its undertaking to conduct a full review of the production line of its products to ensure all safety and quality standards were met. Cadbury also reassured that all chocolates manufactured in Malaysia are certified Halal by JAKIM (**Appendix 2**). Amid the product recalls and press releases, widespread fears of the tainted products and rumours among the public had escalated on Facebook and various social media platforms. Some called for nationwide boycott on the Cadbury’s products that all its factories should cease operation. Others even urged the product to go ‘into waste’ and wanted Cadbury to be responsible to wash away the tainted blood in their veins. Several non-governmental organisations (NGOs) were contemplating over the possibility of taking a joint lawsuit against Cadbury for RM100 million (see **Picture 2**).



Picture 2: Lawsuit against Cadbury by NGOs for RM100 Million

Cadbury Chocolate – Utter Chaos

Following the leaked photos of confidential report made by Ministry of Health’s laboratory on two batches of Cadbury’s Hazelnut and Roasted Almond chocolates tainted with porcine DNA on WhatsApp on 23th May 2014, over hundreds of overreactions to the report was found in the newspaper and various social media sites. However, the report was not verified by JAKIM. Sahabat Halal lodged a complaint to JAKIM against the dubious laboratory report. Through a first press release dated 24th May 2014, Ministry of Health confirmed the finding of the viral laboratory report. However, neither JAKIM nor Mondelez representative was present. JAKIM suspended Halal certification to the affected batches with immediate effect and took other samples from Cadbury’s factory its products and the entire production line for further investigation and test, including the DNA analysis.

On 25th May 2014, an inter-agency meeting was held between JAKIM, the Ministry of Health, the Department of Chemistry and the Department of Standards Malaysia to discuss on the handling of Cadbury controversy. The Ministry of Health in another press release on 26th May 2016 stated that the Halal certification issue will be handed over to JAKIM. The Ministry also emphasised that its regulatory control over food products was confined to the safety and labelling aspects under the Food Act 1983 and Food Regulations 1985. Press releases, one after another, did not do much to reduce confusion and misperception of the public as to the Halal status of the alleged Cadbury’s tainted chocolates.

In fact, the Director of JAKIM urged a primary discussion between the MOH and JAKIM prior to the announcements (see **Picture 3**) since the announcement was further descended into more chaos when several other NGOs, like Allied Coordinating Committee of Islamic NGOs (ACCIN) and Jaringan Melayu Malaysia (JMM or Malaysia Malay Network). Following the announcement, the NGOs urged the Cadbury to pay the cost of ‘cleansing’ blood for Muslims who had consumed the chocolate before (**Appendix 3**). It was posted on 30th May 2014 when the Allied Coordinating Committee of Islamic NGOs demanded that Cadbury bear the cost of blood exchange transfusions for Muslims who had consumed the chocolate prior to the aforementioned exposure. In addition, there were those who suggested that they rinse their mouths with soil water (as an analogy to the cleansing practice decreed by a minority of scholars for the contact of human skin with pigs).



Picture 3: MOH Should Report to JAKIM First

Mondelēz chose to remain silence whilst the matter was under investigation by the authorities. Raja Zalina at all times gave full cooperation to ensure the investigation was conducted in most transparent manner. Mondelēz had voluntarily recalled its products from shelves all over Malaysia after the traces of porcine DNA were found during a routine check for non-halal substances. Nonetheless, the recall failed to satisfy the consumers. Mondelēz continued to be the target of consumer boycotts nationwide, predominantly coming from leading Muslim non-governmental organisations (NGOs). The president of Muslim Consumers Association of Malaysia urged Cadbury to shut down its factories and beseeched Muslims to boycott its products (**Appendix 4**).

Some claims were also targeting the staff for their involvements in Haram business. As part of the company's policy and regulatory compliance, Raja Zalina always ensure that the staffs, where 80% of them were Malay, work in a safe and healthy environment and continued to serve Mondelēz's daily operation. Within ten days of chaos, the company's worldwide market sales had dropped unexpectedly and lost around USD 37 million. Raja Zalina heard that the management was considering to relocate the factory to another country after having the persistent public condemnation at large against all Cadbury related products.

Mondelēz took the public sentiments seriously, but the heightened coverage by mainstream media and social media worried Raja Zalina most. Raja Zalina gave full cooperation to the authorities wherever necessary. "We cannot do much, Azmira. Let JAKIM do their work. We provide every information as much as we can to facilitate the investigation" said Raja Zalina to Azmira. Azmira agreed and understood how much Raja Zalina cared about the customers' trust to Cadbury as the company's global brand. Having over 100 years of visibility in confectionary market worldwide, Cadbury's commitment is to never compromise on safety, compliance and quality of its Halal certified products. Azmira was contemplating to consult Ustaz Zainol, the officer in charge of Certification Department at Halal Hub Division, JAKIM. JAKIM must have a say on this issue.

Epilogue

At 5 p.m., 24th May 2014, Raja Zalina received a phone call from JAKIM. She asked her two executives to get all possible sources of information from the viral WhatsApp screenshot. Mondelēz made its best effort to assist JAKIM and the Ministry of Health to resolve the controversy in a professional manner. Raja Zalina was pondering what the next remedial measure are for Mondelēz looking to recover the financial, image and reputation damage. Raja Zalina stood up at the wall of her office looking out over to the bustling city of Damansara. "Ya Allah, what should I do."

Appendix 1



Home > News > Nation

Saturday, 24 May 2014 | MYT 6:55 PM

JAKIM suspends 'halal' certification of two Cadbury products

BY RAHMAH GHAZALI

PETALING JAYA: Malaysian Department of Islamic Development (JAKIM) has suspended the halal certification of two Cadbury chocolate products that were found to contain porcine DNA.

"We will conduct a thorough investigation to determine the cause behind the product's contamination," said JAKIM director-general Datuk Othman Mustapha in a statement Saturday.

Earlier Saturday, the Health Ministry had confirmed that porcine DNA was found in Cadbury Dairy Hazelnut and Cadbury Dairy Milk Roast Almond, following a rumour on social media alleging the products contained non-halal elements.

The samples from two types of chocolate out of three analysed tested positive for porcine DNA.

They were Cadbury Dairy Milk Hazelnut, with batch number 200813M01H I2 that expires on Nov 13, 2014 and Cadbury Dairy Milk Roast Almond, with batch number 221013N01R I1, that expires on Jan 15, 2015.

The third sample of Cadbury Dairy Milk Chocolate did not contain any non-halal element. However, Othman said the latest periodical checks on the product manufacturer on Feb 20 has shown that the products complied with halal's certification standard after going through a stringent procedure.

"We would like to emphasise that the halal certification process involves rigorous auditing and inspection which includes an assessment of the ingredients, processing methods and equipment used.

"This process is based on Malaysian Halal standards and Malaysian Halal certification manual procedures. After the halal certificate is released, the certificate holder is bound to these periodical checks," he explained.

He also assured the public not to be too worried with the use of "halal" logo as the department conducts constant monitoring. "If there is any breach or non-compliance with the certification requirements, JAKIM will suspend or revoke their halal certification immediately," said Othman.

Source: <http://www.thestar.com.my/news/nation/2014/05/24/JAKIM-cadbury-chocolates/>



KEMENTERIAN KESIHATAN MALAYSIA

KENYATAAN AKHBAR

PENGESANAN DNA PORCINE DALAM COKLAT SUSU DENGAN KACANG
HAZEL – CADBURY DAIRY MILK

Kementerian Kesihatan Malaysia (KKM) ingin memaklumkan tindakan selanjutnya berhubung isu pengesanan DNA khinzir (porcine) dalam produk Coklat Susu dengan Kacang Hazel – Cadbury Dairy Milk Hazelnut dengan nombor kelompok (batch no.) 200813M01H I2 yang bertarikh luput 13 November 2014; dan Coklat Susu dengan Buah Badam – Cadbury Dairy Milk Roast Almond dengan nombor kelompok (batch no.) 221013N01R I1 yang bertarikh luput 15 Januari 2015 yang dilaporkan sebelum ini.

Dalam hal ini KKM ingin memaklumkan bahawa semua urusan yang berkaitan dengan pensijilan halal akan terus dijalankan oleh Jabatan Kemajuan Islam Malaysia (JAKIM). Manakala KKM akan terus menjalankan pemantauan berdasarkan kepada kuasa di bawah Akta Makanan 1983 dan peraturan-peraturan di bawahnya.

Akta Makanan 1983 dan Peraturan-Peraturan Makanan 1985 adalah bertujuan untuk melindungi orang awam daripada bahayanya dari segi kesihatan dan penipuan pada penyediaan, penjualan dan penggunaan makanan dan perkara-perkara berkaitan dengannya. Label makanan amat penting kepada pengguna kerana ia membolehkan pengguna membuat pemilihan makanan yang bermaklumat.

Peruntukan pelabelan yang berkaitan dengan perkara tersebut di bawah Peraturan-Peraturan Makanan 1985 adalah seperti berikut:

- i) Peraturan 11(1)(c) menghendaki produk makanan yang mengandungi daging lembu atau daging babi atau terbitannya dilabel dalam bentuk seperti "MENGANDUNGI (nyatakan sama ada daging lembu atau daging babi atau terbitannya atau lemak babi atau mengikut mana yang berkenaan)";

- ii) Peraturan 11(1)(f) menghendaki nama biasa haiwan dilabel jika makanan tersebut mengandungi minyak makan atau lemak makan dari haiwan; dan
- iii) Peraturan 11(3) memerlukan nama biasa haiwan dilabel jika ramuan makanan atau aditif makanan adalah dari sumber haiwan.

KKM ingin menggesa pihak industri dan juga pengimport supaya bertanggungjawab untuk memastikan semua produk keluaran dan yang diimport mematuhi Akta Makanan 1983 dan peraturan-peraturan di bawahnya.

KKM akan meningkatkan pemantauan dan penguatkuasaan terhadap pematuhan standard makanan dan pelabelan serta kebersihan makanan seperti mana yang diperuntukkan di bawah Akta Makanan 1983 dan peraturan-peraturan di bawahnya.

Dalam hal ini, adalah menjadi tanggungjawab pengguna untuk membaca label makanan supaya dapat membuat pilihan yang bermaklumat. Sekiranya orang awam mempunyai sebarang persoalan, boleh mengemukakan kepada KKM melalui laman web Bahagian Keselamatan dan Kualiti Makanan (BKQM) <http://fsq.moh.gov.my> atau www.facebook.com/bkqmhq.

DATUK SERI DR. S. SUBRAMANIAM
MENTERI KESIHATAN MALAYSIA

26 Mei 2014

Appendix 2



25th May 2014

We at Cadbury Malaysia understand that customers are disappointed to hear of the news on the recent test by the Ministry of Health on two of our products. We hear you and we value your comments and feedback over this issue.

We understand how important Halal is to the Muslim community. It is also of the highest importance to us here at Cadbury. Ensuring that all our products made here in Malaysia are Halal is something we take very seriously. Since our first learning of this, we have been actively engaging with the concerned authorities to investigate the issue with the highest urgency.

Meanwhile, we are withdrawing all impacted Cadbury Dairy Milk Hazelnut (with batch number 200813M01H I2 that expires on Nov 13, 2014) and Cadbury Dairy Milk Roast Almond (with batch number 221013N01R I1 that expires on Jan 15, 2015) immediately.

We would also like to reassure you that all other products made in Malaysia are not impacted by this test. We greatly appreciate your patience as we work through this matter.

Appendix 3

Muslims Declare Jihad against Cadbury Over Pork In Its Chocolate, Demand Cadbury Pay for Blood Transfusions

By Pamela Geller - on May 30, 2014

HALAL

•
When have we even seen Muslims explode (if you'll pardon the expression) with this kind of rage over the jihad terrorists who supposedly twist and hijack their religion?

"Of pig DNA and social justice," [Malaysian Insider](#), May 29, 2014 (thanks to Christian):

Lately, the Malaysian populace, specifically Muslim Malays, were taken aback by the detection of porcine DNA by the Ministry of Health in two products by the chocolate manufacturer Cadbury.

Following the incident, JAKIM (the supreme authority on Islamic affairs in the country) suspended with immediate effect the halal certificates for the chocolate bars Dairy Milk Hazelnut and Dairy Milk Roast Almond.

It has stirred anger amongst Malaysian Muslims, as they are of the perception that their trust in Cadbury to market halal products has been betrayed.

The widespread displeasure in the company has resulted in a multitude of criticisms and negative reactions. Most recently, an organisation claiming to collectively represent Islamic NGOs in Malaysia declared jihad against the company.

In a press conference in Kuala Lumpur, the president of Pertubuhan Kebajikan Darul Islah Malaysia (a welfare body) called for holy war against Cadbury for their alleged attempts to 'weaken' the Muslim community in Malaysia.

Meanwhile, the Allied Coordinating Committee of Islamic NGOs demanded that Cadbury bear the cost of blood exchange transfusions for Muslims who had consumed the chocolate prior to the aforementioned exposure.

In addition, there were those who suggested that they rinse their mouths with soil water (as an analogy to the cleansing practice decreed by a minority of scholars for the contact of human skin with pigs).

Furthermore, the president of Persatuan Pengguna Islam Malaysia (the Muslim Consumer Association of Malaysia) urged Cadbury to shut down its factories and beseeched Muslims to boycott its products. Even more extreme were those who proposed that the factories be burned down altogether.

It is most certainly decreed in Islam that pigs and products thereof are forbidden for consumption by Muslims; Cadbury Malaysia was clearly in the wrong to have used porcine elements in their confection, in light of this fact.

This move, which circumstantially involved false advertising, deservedly drew enormous surprise from the nation's adherents of the Islamic faith.

However, the over-reaction in this circumstance has made it appear as if Muslims are excessively sensitive in matters of accidental consumption, to the point that other, more pressing injustices (such as gambling, corruption, the imbibing of alcohol, adultery, and the throwing away of babies) have been overshadowed.

The effect is doubly sordid when common sense says that those who commit sin without knowing, surely cannot be blamed....

Below is background about the halal certification scam. Note how Muslim groups are shaking down Australian companies for money for unnecessary halal certification. Another concern is with halal meat entering the marketplace without having to be labelled as such.

This is an issue for many groups, including those Christians who believe that the Christian Bible prohibits the consumption of meat sacrificed to idols; many Christians would view halal meat as meeting that definition, since in halal slaughter, an imam offers the animal up as a sacrifice to Allah. Others object to halal because of concern about the jihad links of some organizations that provide halal certification, such as the Hamas-linked Islamic Society of North America (ISNA).

According to Sikh teachings, it is a grave sin (out of 4 grave sins) to eat Halal food. So, according to my Sikh colleague Avneet, if a restaurant hides this then it is a violation for observing Sikhs. They should be given notice, at the very least.

Before Thanksgiving 2011, I broke the story that the turkeys Butterball were selling were halal but not labeled as such. Heads were exploding on the left, 'Geller's turkey jihad and such' (e.g. here, here) — but I was right, sales plummeted, and Butterball stopped that practice by Thanksgiving the following year.

"CADBURY COPS A JIHAD," The Pickering Post, May 29, 2014 (thanks to Kenneth):

It was first reported in the US this week that Cadbury is in real trouble with its export market. **After having paid the Indonesian Halal Certification mob the correct protection money, the Malaysian Health Ministry has found traces of pork DNA in its products.** All hell has broken loose.

Now I understand that porcine fat is used in many foods, including chocolate and ice cream, where a smooth "texture" is needed but poor Cadbury (which is very quiet about its certification) is copping it from all Islamic quarters. Cadbury has agreed to recall all pork "tainted" items from stores overseas, a massive undertaking amid cries of foul play. More than 20 Muslim groups have called for a boycott on all Cadbury's products, saying that a holy war needs to be waged against the confectionary giant for attempting to "weaken" Muslims.

At a news conference called to announce the boycotts an hysterical Malay woman yelled, "Will Cadbury wash away the tainted blood in our veins? I want to wash away the tainted blood of my children who have consumed the chocolates... how will money even compensate for that?"

Perkasa Selangor chief, Abu Bakar Yahya told reporters: "They (Cadbury) have betrayed us Muslims by putting 'haram' elements through the foods we consume in our body, to weaken us Muslims.

"That is why Muslims are weak, divided... because the person eats pork it is difficult to guide him to the right path. "When the day of judgement comes, that person will be wearing a pig-face because of what he has eaten. We need to unite, we must declare jihad!"

We could be in for some fun and games here because all Australian halal certified food manufacturers use pig fat in at least some items. Certifiers here and in Indonesia couldn't give a damn about compliance, they are too busy warring over the lucrative halal scam estimated to be worth almost \$1 trillion world-wide.

But Islamic consumers are now likely to turn on the certifiers who say they conduct a vigorous compliance regime on all food chains... they don't, they never have. They just collect the money. The Indonesian Council of Ulama, MUI, (which also orders Fatwa rulings) is a Mafia style body that runs the certifying protection racket throughout much of Asia, forcing Australian companies to pay outrageous amounts (up to \$30,000) to have their food certified as halal.

But MUI has opposition, "Australian Halal Food Services" (AHFS) and this mob has been undercutting MUI. Now MUI is banning Australian export of all foods, including meat, from Australian companies found dealing with AHFS.

As a result many Aussie companies have removed the halal logo from their products but still pay the protection money.

It's almost impossible to get any company to discuss what's going on, and for good reason. When asked to comment, the Dept of Trade said, "The Australian Government values our close relationship with MUI and will continue to work together with them to overcome issues that affect mutually beneficial trade....". Hmmm.

Appendix 4



Boikot semua produk Cadbury

MUHAMMAD SHAMSUL ABD GHANI
27 MEI 2014



Datuk Nadzim Johan bercakap pada sidang media di ibu negara, hari ini. - Foto Sinar Harian oleh YUSRIZAL YUSUF

KUALA LUMPUR - [\[VIDEO\]](#) Persatuan Pengguna Islam Malaysia (PPIM) hari ini menggesa seluruh pengguna supaya memboikot keseluruhan produk keluaran Cadbury Confectionery Malaysia Sdn Bhd bagi memberi pengajaran kepada syarikat tersebut.

Presidennya Datuk Nadzim Johan berkata, sudah terlalu lama pengguna di Malaysia tertipu dengan 'kehalalan' produk tersebut, oleh itu tindakan memboikot secara keras perlu dilakukan.

"Kita sebagai pengguna bukan sahaja perlu memboikot dua produk Cadbury tersebut, malah keseluruhan produk keluaran syarikat itu.

"Biar sejarah tercipta, supaya ianya dapat memberi pengajaran kepada syarikat lain, baru mereka tahu kuasa pengguna," katanya ketika sidang media yang diadakan di Villa Puteri, di ibu negara hari ini.

Menyentuh perkara yang sama, Nadzim turut menggesa supaya JAKIM bertindak lebih bertegas dalam soal yang melibatkan kemaslahatan pengguna.

"JAKIM jangan terlalu berlembut, biar nampak ketegasan dalam bertindak."

"Kita sudah terlalu lama berbaik dalam hal ini saya juga mencadangkan agar JAKIM membuat semakan sijil halal dua bulan sekali kepada semua syarikat yang telah mendapat sijil halal daripada JAKIM, ini supaya bagi memastikan supaya syarikat itu, menjaga status halal yang mereka perolehi," jelasnya.

Isu memboikot syarikat Cadbury ini timbul apabila dua sampel coklat keluaran syarikat itu dilaporkan mengandungi DNA khinzir ialah Cadbury Coklat Susu dengan Kacang Hazel (nombor kelompok 200813M01H12) dan Cadbury Coklat Susu dengan Buah Badam (nombor kelompok 221013N01R11).

Selain itu semalam, Jaringan Melayu Malaysia (JMM) bersama 80 NGO akan bertindak memfailkan saman ke atas syarikat Cadbury.

Presiden JMM, Azwanddin Hamzah berkata, tindakan saman itu bagi menuntut kerugian dan penipuan yang dilakukan syarikat tersebut kepada pengguna Islam.

"Kami akan memfailkan saman ini dan menganggarkan jumlah tuntutan sebanyak RM100 juta," katanya.

Source: <http://www.sinarharian.com.my/semasa/boikot-semua-produk-cadbury-1.284366>

Date of Access: 15 August 2017

Khazanay.com set their accounts straight

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Abstract

Khazanay.com, an online portal selling used stuff online, is started by two enterprising young individuals in November 2015, Usman and Farid. Setting up the business was a tough task to conquer for used goods business is different from regular trading because of the inconsistent quality of procured products and the additional complexity of grading the products for quality. Further, identical goods are non-existent as every item is unique. The marketing end is also complicated as customers know that the good is already used and would have signs of wear and tear. However, equipped with healthy corporate training, quality education, unwavering commitment and persistence in getting the idea to work, both entrepreneurs managed to develop and maintain a process where the business has become profitable within one year. Being professional accountants, both entrepreneurs are aware of the importance of Financial Reporting, and their accounting prowess has been one of the main factors of their success. This case study talks about the entrepreneurial journey and how financial reporting may help a start-up in the initial phase.

Keywords: *Entrepreneurship, Small Business Accounting, Accounting, Financial Statements*

Background

Usman and Farid were classmates and just like any other professional, had the aspiration of joining management positions at a large enterprise. After completing ACCA, Usman joined Ernest & Young, a big four accountancy firm. Accountancy firms were the rage at that time, as young professionals saw them as a route to foreign placements. However, Usman lost interest within a year and switched over to Pakistan State Oil (PSO). The remuneration was good, but the monotonous nature of a nine-to-five job was not alluring. A brief stint in marketing fascinated him towards product placements and he thought to explore it by doing MBA from a local institute.

Usman was a frequent visitor of the famous Sunday Bazar in DHA Karachi. Sunday Bazar was sort of a flea market; where people could hunt for good bargains. Many a times, Usman himself had found imported stuff that could not be found anywhere else; at very reasonable prices. While doing MBA, Usman read in a newspaper that DHA was ceasing holding of the Sunday Bazaar. Usman was disappointed by the news but the idea that Sunday Bazaar is a good bargaining place stuck to his mind somehow. Usman completed his MBA in 2014.

Farid joined Meezan Bank, the first Islamic bank in the country, after completing his ACCA and worked there for three years. While working at Meezan Bank, Farid found out the intricacies of Islamic Finance. During his work, he found that many organizations were holding different types of awards, but there was no award in the field of Islamic Finance. Being an entrepreneur, he thought to conduct Islamic Banking Awards. Equipped with his work knowledge, he compiled criteria (benchmark) that an Islamic Financial Institute can be measured for, and got it vetted from the industry experts. He quit his job, and organized the first ever Islamic Banking Awards in Pakistan. The event was a huge success, and got favorable media coverage. The experience strengthened his belief in himself and gave him the confidence to be an entrepreneur. After the successful completion of the awards event, Farid was looking for something to do and fate made him meet his old friend Usman, and they started brainstorming.

The Initial Struggle

The objective was to start something of their own; but what? While surfing the net for possible leads, they came to know that China imports chicken feet in large quantities. The consumption of chicken in Pakistanis is very high, but we throw away the chicken feet as waste. They thought that they would get the chicken feet at scrap value, and export them to China. The idea was strong but once they started working they realized that they do not have enough connections in the poultry business to procure the feet in sizeable numbers to enable them to export.

Their second idea was PET flakes. Used plastic bottles would be collected, and then cut into small pieces that would be exported to China for recycling. Farid explored the extensive network of garbage pickers that led him to the place that collects used plastic bottles and sorted them. Being Pashto speaking, Farid managed to get the required knowledge easily. However, their motivation evaporated when they found out that they need to invest in an industrial cutter, pay rent for a sizeable space to house the machine and to put bottles (raw material) and flakes, pay to laborers for packing, and generator for electricity. Farid had a strong suspicion that as soon as the bottle suppliers find out the demand, the procurement price would increase. After a lengthy discussion, they dropped the idea.

The next idea was online Islamic insurance comparison leading to purchase of policies. The concept is nothing new in the world, but there was nobody doing it in Pakistan. Pakistan being an Islamic state with a majority Islam practicing population has a strong inclination towards products and services that are Islamic. The idea was lucrative and sure win. They both decided to go ahead with it. Their first step was to get a web-portal made for the purpose. They named

it Chatri. Usman had a friend whose brother started a software house in the incubation space at IBA – a renowned business school in Pakistan. Usman and Farid approached the software house and got Chatri's website made. They also liked the incubation space offered by IBA and decided to get an office of their own there for Chatri. All was set and ready for Chatri but the entrepreneurs. The market was not as receptive to their idea as they thought it would be. They soon ran out of motivation. By now, however, they had learned how to bring an idea into reality.

The experience of working on Chatri introduced them to the opportunities offered by the ecommerce world. They had learned exactly what was required to setup an online business. However, getting it to run was another matter. This is where they needed advice and Usman's brother Sohaib, who was well experienced in the field of ecommerce, proved to be a wise resource. With an experienced adviser by their side, Usman remembered the once forgotten idea of opening up an online business to sell used valuables; the online Sunday Bazaar. Farid readily bought into it. They already had an incubation space at IBA and the infrastructure in place to setup another online business. This gave birth to Khazanay.com.

Setting up Khazanay.com

The explosion of online businesses in Pakistan made Usman and Farid to think in the direction of ecommerce. An online store does not have a high fixed cost in shape of rent of premises; therefore, theoretically it can run on thin margins. With clothing, mobile phones, tablets, laptops, toys, cars and even vegetables and groceries available online, the problem was to find what to sell that no one else was selling. During a brainstorming session, Usman remembered the Sunday Bazaar closure and how he would find valuable stuff at a bargain. The more Usman and Farid discussed, the stronger the idea became. Incidentally, Usman was wearing Nike brand that day, which he had bought from Sunday Bazaar a couple of years ago. Soon they were convinced that used branded shoes may have a good market if sold online.

The next step was to find the supply line. Farid's proficiency in Pashto language again came to their assistance, and they found their way from shop to shop, to the distributor, and ultimately to the place that imports used shoes. These shops and suppliers were located in relatively hostile areas of the city, not frequented by regular public. Farid's Pashtun background, and Usman's fair complexion made it easy for them blend in and explore these areas without any problem.

They found that used shoes are imported by different suppliers and sold in the form of "lots" (packs). One lot of about 100 shoes cost about Rs. 100,000, but the price may vary according to the condition. The lot is unsorted; meaning it can have pair of shoes of different sizes and qualities. Shoes are usually very dirty therefore finding a good pair is difficult. A lot usually has 10% excellent quality shoes, 35% good quality shoes, 40% of average quality, and remaining shoes that are below than average quality. The shoes are extremely dirty therefore a regular looker would perceive whole lot to be of dubious quality.

A small survey amongst family and friends assured them that the used shoes, especially the excellent quality ones, would have good market. Therefore, in November 2015, they decided to get into this business. Usman's brother suggested the name of "Khazanay" meaning "treasure" in English language. The concept was that you can find treasure even in scrap.

Being a start-up, the logical way of doing business was to get into a partnership. They started as equal partners with a seed capital of Rs. 1.5 million. The problem of office space was sorted out when someone told them about IBA incubation center. The center charges a nominal rent of Rs. 30,000 per month, and provides office and storage space along with electricity and air-conditioning to start-ups. The added advantage was expert guidance from technology and entrepreneurship experts available at IBA.

The first thing on agenda after setting up office was to develop a website. Few quotations from local software houses obtained earlier ranged between Rs. 2 million to Rs. 4 million. Budgetary constraints forced them to look for alternatives and luckily, within a day or two, they bumped into the next-door start-up at the incubation center by an IBA CS student. The student, about to graduate in a few months, had recently opened shop and quoted Rs. 500,000 for the whole project. This amount was within their budget. The student could drop into their office whenever he was free from his classes, meaning they could review what he was doing and make amendments as the project progressed. Weighing the pros and cons, despite it being the student's first main project, they engaged him to do the work. Apart from technology, the main feature that compels the customers to come to a website is its design, and simplicity of use. Usman's family business was designing and printing. He was well practiced in area of graphics designing that helped him make the graphical design of the online store and a catchy logo; saving a lot of money. The website was completed and became operational on 1st January 2016.

Usman and Farid had to go themselves to procure suitable lots. In January, they bought one lot on cash. Preparing the product for delivery was difficult than they had earlier anticipated. It was really a hard and cumbersome job. Although, the shoes were all branded, but to get them ready to sell they had to wash all of them first. Farid tried his own washing machine at home for the first lot. However, Usman says: "100 pair of shoes hanging from the clothing line to dry up was not a sight fit for the neighbors". Also, Farid recalls: "I got strained arms by working two straight nights on the first lot just rubbing and removing stains from the shoes". After the rub the shoes had to be washed again and dried. They immediately searched and found a launderer who would bring the shoes to an even better condition than what they could pull out after a rub at home at a cost of Rs. 25 per pair. From the second lot, the launderer took care of washing and drying.

Meanwhile work was going on developing the website and problems were cropping up almost on a daily basis. Each item was unique so they had to be uploaded separately. Their plan was to upload 4 to 5 pictures of each item, to ensure that the buyer understands the condition of the good. Getting the pictures uploaded one-by-one would be time consuming, and would fail if sales grow. The system should be flexible enough to cater for the future needs. Getting the upload system to work took some time. The first few instances crashed as soon as number of visitors exceeded ten, meaning that the web-hosting provider did not have adequate RAM. It is

very difficult to estimate visitors to an online store, so the system should be able to take the unexpected load. The solution was a cloud based system that could be scaled up when required. The system was tweaked many times to find out the optimum point where cost-benefit would be favorable. They settled on a configuration that had a monthly cost of \$100, and would cater to approximately 500 simultaneous visitors. The payment is to be made on first day of the month, on prepaid basis.

The shoes had to be sorted into categories “excellent”, “good”, “average”, and “below average”. Both Usman and Farid took considerable time into devising a categorization mechanism. In the first few weeks, they used pure judgment. Farid’s analytical skills came in handy and he came up with an innovative process to determine the quality of each shoe through the tell-tale signs of the wear & tear. Some indicators, among others, to determine the quality of the product include the usage marks on the heels of the shoes, the grains on the shoe sole, the condition of the upper cover and the overall look. All the features are systematically crafted into a decision matrix that when filled provides the quality of the product. Farid also used the extension of this procedure to ascertain the price of each product that catered well to the product’s brand value and overall design. This system was objective, and employees were trained to use it.

After sorting, the next process was to photograph the product. As the shoes were used, it was important to take photographs at the angle that can show the wear & tear clearly. Using Youtube’s videos, a small studio was set-up consisting of a table with white backdrop and two lights. The first lot was photographed by Usman himself, using Farid’s iphone. From February, three employees were hired at Rs. 12,000 each. One was given a digital camera costing Rs. 15,000 and was made the product photographer. One was given responsibility of uploading of product photographs, and maintaining sales order record on MS-excel. The third employee was made responsible for packaging, and dispatching the goods. From start of April, six more employees were hired at Rs. 12,000 each to supplement the three already working. Three teams of three employees were made. One supervisor was also hired at Rs. 15,000 a month on the same day.

Next was marketing the product online. An online store requires constant marketing. Usman and Farid discussed many mediums, but Facebook was chosen because of its reach and ease of marketing. Facebook provides target marketing facility where factors such as area, age and interests could be used to target the marketing efforts. Usman’s designing competence came into use again, and he developed eye-catching advertisements to be run on Facebook. Ordinarily, getting these graphics done from market would cost a ton, but doing it in-house significantly helped their cash flows. The marketing budget approved was \$40 per day for 50 days, and then \$30 per day for 50 days, and then \$10 per day for 100 days in the year 2016.

A Facebook business page was developed to market their product. The only thing left now was to devise a dispatch mechanism. Several courier companies were contacted, but Leopard Couriers was chosen for their relatively cheaper delivery rates, online portal and market reach in main cities of Pakistan. Credit card payments are not popular in Pakistan therefore Cash-on-

Delivery (COD) is the favorite method amongst online stores. Khazanay also decided to use COD.

Courier is a tricky business. Rates are dependent on weight as well as destination. Leopard has divided the country into three zones, A, B and C. Courier charge for zone A is Rs. 150, Rs. 200 for Zone B and Rs. 250 for zone C for a half kg package. Excess weight would be charged as Rs. 50 for each extra half kg. The orders received online throughout the day would be identified, recorded and packed. The courier company will pick all packages in the evening the same day. These packets will be delivered to destinations by the courier company's network. A rider will deliver the packet to the customer, and receive the payment. The courier company insisted that their riders are instructed to take cash before allowing the packet to be opened. Therefore, the customers do not have the option to check the product before making the payment.

If the customer cancels the order, or refuses to pay before inspecting the shoes, the courier rider will take the unopened packet back to his office that will subsequently be sent back to Khazanay. Of course, returning the packet to Khazanay incurs double charge.

Leopard's courier company has an online system where Khazanay can track progress on their deliveries. Every month end, a detailed invoice is to be prepared by the courier company and a cheque of the collections (after deduction of courier company charges) would be given to Khazanay within the first week of next month.

Push to Jump Start Khazanay.com

Using their next door tech start-up for Khazanay's website development turned out to be a boon. Farid and Usman were coming up with innovative ideas that were being incorporated into the website on the go. Usually, a software house restricts their service to a specific number of 'change orders'. Any request for modification above that number increases the cost. As it was a first major job for the software house, they were more than willing to make the website better than anything available in the market.

With everything in place, the entrepreneurs did a soft launch and marketed their product through Facebook and word of mouth. They received a positive response from the market with feedback on how they could better streamline their processes.

With increased sales, storage space was required. Furniture including shelves was bought for Rs. 50,000 in April. Also in April, Laptops and additional mobile phones were bought for Rs. 150,000. All equipment i.e. cameras, mobile phones and laptops are expected to last for three years with negligible scrap value. Furniture is expected to be used for five years. For clarity purposes, an internal control was added that a Khazanay team member would confirm each sales order through phone, and inform the customer that goods are used, and payment is to be made before opening up the package. This control reduced the chances of confusion thereby reducing costs.

Shipments were 20% to zone A, 30% to zone B and 50% to zone C. The bulk of the shipments i.e. 80% were within half kg, with 15% between half and one kg and 5% between one and one and a half kg. Despite best efforts, 5% customers either insisted on opening the package before paying the courier, or refused to acknowledge the product for any other reason, so sales were returned.

In January one lot was purchased on cash. Thereafter, two lots per month have been procured on cash. Starting from July 2016, the supplier has started giving credit to Khazanay. Payment is now required to be made before 5th of the next month. The average selling price of an excellent quality pair of shoe is Rs. 3,000, Rs. 2,500 of good quality, and Rs. 2,000 of average quality. Repeated attempts were made to sell shoes of less than average quality but they are piling up in the store. Farid thinks that these may have to be scraped someday.

The positive market response and expansion brought with it the challenge of getting their accounts set right to better understand the business situation. Usman and Farid are now looking for a consultant who can prepare financial statements for the year ended 31 December 2016. They estimate that miscellaneous expenses including packaging material, traveling and other costs, and monthly staff lunch throughout the year will be about Rs. 75,000. All the shoes in inventory, except 'below average quality', are to be sold till 31 December 2016. The next lot will be received on 1st January 2017, as imports are delayed due to Christmas and other holidays in USA and Europe. The invoice received from the courier company on 31 December 2016 are expected to show the total collections receivable by Khazanay of Rs. 395,000 for the month, and courier charges of Rs. 47,775 payable to courier company.

Both, Usman and Farid, have not drawn from their business. They suspect that they have paid some money from their pocket into the business that is unaccounted for. They have agreed that if this is the case, the amount will be treated as loan. For ease of accounting \$1 is to be treated as Rs. 105.

Z-Score Model in Predicting Corporate Financial Distress of PETONE

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Opening Paragraph

At the night on 15 January 2013, when the ticking clock on the office wall had sounded eight times, Arifin, the financial advisor of Petrol One Resources Berhad (PETONE) realised that it was 8 p.m. then. Arifin was still in his office cracking his head thinking of a method that he could use to examine the financial health of PETONE. This was the task assigned to him after meeting with PETONE's chairman, Azmin, at 5.30 pm. During the meeting which lasted for half an hour, Arifin was assigned a task which he had to present the findings the following Tuesday on 22 January 2013 regarding the financial health of PETONE to identify (i) the first warning sign indicating that the company was getting into financial trouble, and (ii) the major causes that had led the company into distressed financial situation. This assignment was in response to the announcement made on 30 August 2012 to classify PETONE as a Practice Note 17 (PN17) company when PETONE had triggered one of the prescribed criteria under the main market listing requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

After thinking hard for two hours, finally he had decided to apply z-score model to analyse the financial health of PETONE. As such he could leave office now and the next day when he came in to work, he could start going through the financial reports of PETONE to collect the required data for the z-score model he intended to use to assess the financial health of PETONE.

Company Background of Petrol One Resources Berhad (PETONE)

PETONE was incorporated as a bunkering and storage company to take advantage of the fast growing bunkering industry especially in the southern Malaysian region of Johor. Its subsidiaries included Petrol One Holdings Sdn. Bhd., Arus Dermaga Sdn. Bhd. and One Petroleum (L) Ltd. At the earlier stage, PETONE focused on storage station activities. Now the company had moved forward to provide logistic support services such as (i) shipping and forwarding services, (ii) floating storage and offloading services, (iii) offshore support services, (iv) bunker's services, and (v) ship management services.

PETONE was formerly known as Changhuat Corporation Berhad (CHANGHUAT). It assumed the name of Petrol One Resources Berhad in January 2011 to better reflect the company's transmission into oil and gas (O&G) sector. With the change in core business activities, PETONE was re-classified in trading and services sector and its listing had been moved to the main market of Bursa Malaysia. However, in the following year, PETONE had been announced a PN17 company on 30 August 2012.

Company Background of Changhuat Corporation Berhad (CHANGHUAT)

CHANGHUAT was established in 1980. The company started as a home audio plastic injection manufacturer before moving on to car audio, office equipment, telecommunication and computer game accessories. Later, the company moved further to concentrate on high-end plastic injection products like double colour, high precision engineering parts and laser-cut components. The company had manufacturing facilities in Malaysia and also in Singapore, Indonesia and Thailand. Its customers were leading local companies and renowned multinational corporations (MNCs) such as Hewlett-Packard (HP), Panasonic, Philips, Mitsubishi Electric and LG Electronics that manufactured various types of electrical and electronic appliances, e.g. audio, video, television, computer, telecommunication and office equipment. CHANGHUAT was committed to

production quality, on time delivery and continuous improvement initiatives, and this had led the company to win many awards as the best supplier.

Before name change, CHANGHUAT was classified in industrial products sector on the second board of Bursa Malaysia. In view of intense competitions in plastic industry, plastic injection moulding segment had become less attractive. As such the company had started to venture into O&G sector. Eventually, the company decided to make O&G its core business and hence its name had changed to PETONE in January 2011.

Performance Review of CHANGHUAT and PETONE

On 16 January 2013, when Arifin came to his office, he started to go through the financial reports of CHANGHUAT (financial years 2000-2010) and PETONE (financial years 2011-2012) in trying to understand the company's financial and operating performance, and to collect the required data for the z-score model he intended to use to assess the financial health of CHANGHUAT and PETONE.

Over the next four days, Arifin spent his time to review the company's financial and operating performance. When reading through the financial reports, Arifin jotted down the following notes which he thought would be useful in facilitating his analysis later.

In financial year 2000 (FY2000), CHANGHUAT recorded sales revenue of RM106 million and a net profit of RM8 million credited to higher demand from new customers on higher margin precision engineering components and lower cost of borrowings. The FY2000 was a rather challenging year to the company as it had just recovered from the adverse effect of economic slowdown.

CHANGHUAT's sales revenues and net profits dropped significantly in the next two financial years. The drop was because of (i) the spilled-over effects to plastic injection

industry (which was the main thrust of the company) attributed to the continuing sluggish global economic conditions that had caused a severe blow to the electronic sector worldwide, especially in US and Japan, (ii) regional terrorism, and (iii) the under-performance of the company's foreign subsidiaries, which had caused the closure of two non-performing operation units in Singapore.

Despite the satisfactory levels of sales revenue, CHANGHUAT experienced net losses in financial years 2003 to 2006. When the company managed to secure new customers, its sales revenue had improved. However, the deteriorating world economic conditions, particularly in electrical and electronic consumer market, had badly affected the demand for durable consumer goods. Moreover, the highly price competitive nature of plastic industry (especially stiff competitions from low cost production countries like China, Cambodia and Vietnam) and increasing production costs had eroded the company's profit margin. Besides that the below expectation performance of its foreign subsidiaries also had affected the company's bottom line even though the company had managed to contain the losses incurred in Indonesia and had expected Thailand operation to contribute positively to company operation.

Having said the above, two events had marked another milestone for CHANGHUAT during these financial years. First, three of the company's subsidiaries had upgraded their quality management accreditation to ISO 9001: 2000 certification. Another two subsidiaries had obtained environmental management accreditation of ISO 14001: 1996 certification that would enable the company to tap into the European and US markets where green procurement was an important criterion. Second, the company had successfully expanded its capital base through bonus issue exercise for its shareholders to meet the listing requirements of Bursa Securities, and the implementation of employee share option scheme (ESOS) for its eligible employees to participate in the future growth of the company and to retain these employees.

In FY2007, despite a lower level of sales revenue relative to the previous financial year, CHANGHUAT recorded a net profit. This encouraging result was the outcome of equipping the company's production facilities with the latest technology and skills to achieve operational efficiencies performed in previous years. Furthermore, it was also attributed to the attainment of ISO 13485: 2003 certification for the manufacturing of medical products by one of its subsidiaries that had enhanced the company's competitiveness in plastic industry.

In FY2008, there was an increase in sales revenue but the sales levels dropped significantly in FY2009 and FY2010. Over these three financial years, CHANGHUAT's financial results took a sharp turn and slipped into net losses again. In particular, FY2008 had been a volatile year due to the financial crisis in US and the global economic meltdown. In general, the persistently high oil price during these financial years had caused substantial increase in the prices of raw materials such as plastic resin and compounds. It was also caused by rising inflation of other production costs in energy price and labour cost.

In view of global recession threat on plastic industry and the business opportunity brought by lucrative oil price to O&G industry, CHANGHUAT had diversified into O&G business in September 2008 through the acquisition of 63% equity interest in Arus Dermaga Sdn. Bhd. whose principal activities were the provision of storage facilities for O&G products and other related services. This acquisition was intended to diversify the future income stream of the company and to reduce its dependency on plastic injection business whose profit margin had been eroding since 2002 due to increasing market competition. This move had laid a solid foundation to enable the company to venture into O&G business. By August 2010, the company had completed the disposal of all its subsidiaries in plastic products segment. In 2011, the company had completed the acquisition of the remaining 37% interest in Arus Dermaga Sdn. Bhd. The core business

activities of the company had moved away from plastic injection moulding to O&G and hence its name had changed from CHANGHUAT to PETONE.

In FY2011, PETONE's sales revenue decreased to RM25 million and its net loss widened significantly to RM27 million. The decline in both the top and bottom lines were mainly because of corporate transformation and restructuring that took place in last financial year.

In the most recent financial year, it was yet another tough year for PETONE. In FY2012, although the company recorded an increase in sales revenue, its net loss had widened further. The main factor causing the loss was the revaluation loss of RM24.3 million made on a vessel owned by its subsidiary, Arus Dermaga Sdn. Bhd., to reflect the true and fair view of the financial position of PETONE. Other contributing factors were the increasing in operating and maintenance expenses of the vessels owned by the company.

In view of recurring losses over the last few financial years, PETONE was operating with very limited resources during FY2012. On 13 June 2012, the company had announced that both the company and its subsidiary, Arus Dermaga Sdn. Bhd., had been unable to meet their loan obligations since January 2011 and March 2010 respectively, and both had entered into negotiations with their lenders to restructure their loan facilities. Subsequent to these defaults in payments, this had also caused a technical default for the term loan granted to another subsidiary of the company, One Petroleum (L) Ltd. As these were impending payments, the outstanding loan amounts were being classified as current liabilities in the statement of financial position.

On 30 August 2012, the company further announced that the company had triggered the prescribed criteria pursuant to paragraph 2.1(a) of PN17 under the main market listing requirements of Bursa Securities, and was classified as a PN17 company. (Refer to Exhibit-1 for information on the criteria and obligations of PN17 issuers.) The PN17

criteria was triggered as a result of the shareholders' equity on a consolidated basis was less than 25% of the issued and paid-up capital (excluding treasury shares) and was less than RM40 million. As such the company was now in the midst of evaluating various options in its endeavour to formulate an effective regularisation plan to address its PN17 status.

After reviewing the company's financial and operating performance, Arifin spent the next two days to go through the financial statements of CHANGHUAT (financial years 2000-2010) and PETONE (financial years 2011-2012) to collect the required financial data for the z-score model he intended to use to assess the financial health of CHANGHUAT and PETONE. Refer to statements of financial position in Exhibit-2 and statements of profit or loss and other comprehensive income in Exhibit-3.

Concluding Paragraph

On the last day of the one week duration given to him, Arifin had used the financial data collected to compute the z-scores to assess the financial health of PETONE and he was in the process of writing up a report to highlight (i) the first warning sign indicating that the company was getting into financial trouble, and (ii) the major causes that had led the company into distressed financial situation. With the passage of time, on the Tuesday morning of 22 January 2013, Arifin was ready to meet PETONE's chairman, Azmin, to present his findings.

Exhibits

Exhibit-1

Main Market Listing Requirements of Bursa Malaysia Berhad on Practice Note 17 - Criteria and Obligations of PN17 Issuers

Criteria for a listed company to be classified as a PN17 company are as follows:

- (1) Shareholders' fund is equal or less than 25% of the total issued and paid up capital of the listed company; or
- (2) Receivers and/or managers have been appointed to take control of at least 50% of the total assets employed of the listed company on a consolidated basis; or
- (3) Winding up of a subsidiary or associate company which makes up at least 50% of the total assets employed of the listed company on a consolidated basis; or
- (4) The auditors have expressed adverse or disclaimer opinion on the listed company's latest audited accounts; or
- (5) For any default in payment, the listed company must announce its inability to provide a solvency declaration through Practice Note 1/2001 or PN1; or
- (6) The listed company has suspended or ceased all or a major part of its operations.

When a company is announced as a PN17 company, it has to undergo a few exercises to comply with the requirements of Bursa Malaysia. Failing to do so will result in the PN17 company being suspended in trading list securities (on the next day after five market days from the day of notice), or de-listed from the market, or both.

In compliance with the requirements of Bursa Malaysia, a PN17 company has to undergo the following exercises:

- (1) Regularize its condition within 12 months (one year) from the date it was announced a PN17 company.
- (2) Submit a regularization plan to the Securities Commission of Malaysia to see if the regularization plan will result in a significant change in the business direction or policy, or;
- (3) Submit a regularization plan to Bursa Malaysia to obtain approval (and implement) the regularization plan (that will not result in a significant change in the business direction or policy.)
- (4) Implement the plan according to the time stipulated by Bursa Malaysia or Securities Commission (whichever is applicable).

For a PN17 company to no longer be considered PN17, it has to:

- (1) complete the implementation of approved regularization plan; and
- (2) submit an application and necessary documents to Bursa Malaysia to prove that it is no longer a PN17 company.

Exhibit-2

Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2000 RM	2001 RM	2002 RM	2003 RM
Assets				
Property, plant and equipment	87,960,798	85,150,027	81,364,532	79,817,297
Goodwill	–	–	–	–
Deferred tax assets	–	–	–	51,554
Total Non-Current Assets	87,960,798	85,150,027	81,364,532	79,868,851
Assets held for sale	–	–	–	–
Inventories	14,994,132	15,352,749	15,104,559	20,525,038
Trade and other receivables	25,472,708	24,529,839	26,482,202	25,215,563
Cash and bank balances	3,325,763	4,980,841	2,117,652	2,112,665
Total Current Assets	43,792,603	44,863,429	43,704,413	47,853,266
Total Assets	131,753,401	130,013,456	125,068,945	127,722,117
Equity & Liabilities				
Share capital	39,999,000	39,999,000	39,999,000	39,999,000
Share premium	11,652,010	11,652,010	11,652,010	11,652,010
Revaluation reserve	–	–	–	–
Foreign currency translation reserve	1,463,365	611,996	1,076,180	2,020,395
Retained profits / losses	34,593,192	39,564,019	38,738,914	29,565,620
Shareholders' Equity	87,707,567	91,827,025	91,466,104	83,237,025
Minority interest	–	–	–	–
Total Equity	87,707,567	91,827,025	91,466,104	83,237,025
Long-term borrowings	5,034,779	4,546,880	3,498,632	886,739
Trade and other payables	–	–	–	–
Deferred taxation	4,595,260	3,443,294	3,087,300	7,582,156
Total Non-Current Liabilities	9,630,039	7,990,174	6,585,932	8,468,895
Short-term borrowings	6,999,567	12,539,460	13,316,340	19,321,468
Trade and other payables	25,374,992	16,191,962	13,683,055	16,694,729
Tax payables	2,041,236	1,464,835	17,514	–
Liabilities held for sale	–	–	–	–
Total Current Liabilities	34,415,795	30,196,257	27,016,909	36,016,197
Total Liabilities	44,045,834	38,186,431	33,602,841	44,485,092
Total Equity & Liabilities	131,753,401	130,013,456	125,068,945	127,722,117
Common Stock Outstanding	39,999,000	39,999,000	39,999,000	39,999,000
Share Price	3.143	1.705	1.800	1.552

(Continued)

Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2004 RM	2005 RM	2006 RM	2007 RM
Assets				
Property, plant and equipment	73,627,765	77,127,363	72,482,757	81,576,069
Goodwill	–	–	–	–
Deferred tax assets	324,033	541,000	–	–
Total Non-Current Assets	73,951,798	77,668,363	72,482,757	81,576,069
Assets held for sale	–	–	–	1,715,911
Inventories	26,224,711	20,053,421	19,332,091	17,519,031
Trade and other receivables	33,278,005	28,258,217	23,023,351	26,377,778
Cash and bank balances	1,674,848	3,151,588	5,251,183	3,478,893
Total Current Assets	61,177,564	51,463,226	47,606,625	49,091,613
Total Assets	135,129,362	129,131,589	120,089,382	130,667,682
Equity & Liabilities				
Share capital	41,998,950	41,998,950	41,998,950	41,998,950
Share premium	9,532,232	9,532,232	9,532,232	9,532,232
Revaluation reserve	–	–	–	–
Foreign currency translation reserve	919,897	1,675,764	1,799,098	1,531,028
Retained profits / losses	28,974,487	22,658,997	22,513,779	23,718,646
Shareholders' Equity	81,425,566	75,865,943	75,844,059	76,780,856
Minority interest	–	–	–	–
Total Equity	81,425,566	75,865,943	75,844,059	76,780,856
Long-term borrowings	137,337	7,138,683	6,930,278	11,394,272
Trade and other payables	–	–	–	–
Deferred taxation	7,915,643	7,444,369	5,511,245	4,676,117
Total Non-Current Liabilities	8,052,980	14,583,052	12,441,523	16,070,389
Short-term borrowings	22,989,841	20,935,445	15,751,695	16,973,272
Trade and other payables	22,647,005	17,743,679	15,892,047	20,496,322
Tax payables	13,970	3,470	160,058	346,843
Liabilities held for sale	–	–	–	–
Total Current Liabilities	45,650,816	38,682,594	31,803,800	37,816,437
Total Liabilities	53,703,796	53,265,646	44,245,323	53,886,826
Total Equity & Liabilities	135,129,362	129,131,589	120,089,382	130,667,682
Common Stock Outstanding	41,998,950	41,998,950	41,998,950	41,998,950
Share Price	1.190	1.050	0.700	0.895

(Continued)

Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2008 RM	2009 RM	2010 RM	2011 RM
Assets				
Property, plant and equipment	83,042,565	155,988,050	186,369,269	147,066,005
Goodwill	–	27,916,625	27,916,625	27,916,625
Deferred tax assets	–	–	–	6,148,878
Total Non-Current Assets	83,042,565	183,904,675	214,285,894	181,131,508
Assets held for sale	–	–	46,453,499	–
Inventories	17,006,429	4,802,474	–	–
Trade and other receivables	22,395,870	9,214,622	10,678,750	3,765,946
Cash and bank balances	3,096,698	6,543,892	106,666	2,407,160
Total Current Assets	42,498,997	20,560,988	57,238,915	6,173,106
Total Assets	125,541,562	204,465,663	271,524,809	187,304,614
Equity & Liabilities				
Share capital	41,998,950	41,998,950	46,198,845	50,804,845
Share premium	9,532,232	9,532,232	10,834,200	12,668,760
Revaluation reserve	–	–	–	3,801,061
Foreign currency translation reserve	2,529,765	–	-1,757,111	-1,863,544
Retained profits / losses	11,094,038	6,125,251	3,425,799	-39,751,368
Shareholders' Equity	65,154,985	57,656,433	58,701,733	25,659,754
Minority interest	–	10,694,054	9,850,465	–
Total Equity	65,154,985	68,350,487	68,552,198	25,659,754
Long-term borrowings	9,374,564	74,154,991	97,361,593	29,016,800
Trade and other payables	–	2,951,698	13,167,591	–
Deferred taxation	3,413,865	6,701,505	5,611,894	2,070,878
Total Non-Current Liabilities	12,788,429	83,808,194	116,141,078	31,087,678
Short-term borrowings	24,990,398	39,502,892	47,346,558	90,444,451
Trade and other payables	21,927,399	12,804,090	17,664,995	40,112,731
Tax payables	680,351	–	–	–
Liabilities held for sale	–	–	21,819,980	–
Total Current Liabilities	47,598,148	52,306,982	86,831,533	130,557,182
Total Liabilities	60,386,577	136,115,176	202,972,611	161,644,860
Total Equity & Liabilities	125,541,562	204,465,663	271,524,809	187,304,614
Common Stock Outstanding	41,998,950	41,998,950	46,198,845	50,804,845
Share Price	0.560	0.900	1.430	1.530

(Continued)

Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2012 RM
Assets	
Property, plant and equipment	80,157,905
Goodwill	27,916,625
Deferred tax assets	–
Total Non-Current Assets	108,074,530
Assets held for sale	46,247,750
Inventories	–
Trade and other receivables	5,024,995
Cash and bank balances	2,859,803
Total Current Assets	54,132,548
Total Assets	162,207,078
Equity & Liabilities	
Share capital	50,804,845
Share premium	12,668,760
Revaluation reserve	4,013,738
Foreign currency translation reserve	-3,188,756
Retained profits / losses	-76,856,454
Shareholders' Equity	-12,557,867
Minority interest	–
Total Equity	-12,557,867
Long-term borrowings	152,620
Trade and other payables	–
Deferred taxation	6,883,962
Total Non-Current Liabilities	7,036,582
Short-term borrowings	120,100,379
Trade and other payables	47,627,984
Tax payables	–
Liabilities held for sale	–
Total Current Liabilities	167,728,363
Total Liabilities	174,764,945
Total Equity & Liabilities	162,207,078
Common Stock Outstanding	50,804,845
Share Price	0.880

Exhibit-3

Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	105,808,421	92,980,083	66,785,091	82,248,042
Cost of sales	-86,232,631	-80,743,608	-60,671,207	-79,550,090
Gross Profit / Loss	19,575,790	12,236,475	6,113,884	2,697,952
Other operating income	3,132,278	2,148,060	1,147,561	858,629
Administrative expenses	-10,560,067	-8,184,211	-7,037,879	-7,055,831
Other operating expenses	–	–	–	–
Operating Profit / Loss	12,148,001	6,200,324	223,566	-3,499,250
Gain / loss on disposal of subsidiaries	–	–	–	–
Finance costs	-1,139,803	-1,131,914	-1,193,319	-1,181,720
Profit / Loss Before Tax	11,008,198	5,068,410	-969,753	-4,680,970
Income tax expenses	-2,694,901	-97,583	1,344,618	1,157,184
Profit / Loss from Continuing Operations	8,313,297	4,970,827	374,865	-3,523,786
Profit / Loss from Discontinued Operations	–	–	–	–
Profit / Loss for the Year	8,313,297	4,970,827	374,865	-3,523,786
Attributable to shareholders of the company	8,313,297	4,970,827	374,865	-3,523,786
Attributable to minority interests	–	–	–	–
Other Comprehensive Income / Loss, Net of Tax				
Foreign currency transaction differences	–	–	–	–
Revaluation of vessel	–	–	–	–
Total Other Comprehensive Income / Loss, Net of Tax	–	–	–	–
Total Comprehensive Income / Loss	8,313,297	4,970,827	374,865	-3,523,786
Attributable to shareholders of the company	8,313,297	4,970,827	374,865	-3,523,786
Attributable to minority interests	–	–	–	–

(Continued)

Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2004 RM	2005 RM	2006 RM	2007 RM
Revenue	103,571,883	126,343,143	98,101,338	91,152,264
Cost of sales	-95,716,517	-123,593,002	-91,403,148	-83,777,487
Gross Profit / Loss	7,855,366	2,750,141	6,698,190	7,374,777
Other operating income	1,042,972	1,417,337	1,336,908	2,222,335
Administrative expenses	-7,542,500	-9,218,845	-7,973,845	-7,945,914
Other operating expenses	–	–	–	–
Operating Profit / Loss	1,355,838	-5,051,367	61,253	1,651,198
Gain / loss on disposal of subsidiaries	–	–	–	–
Finance costs	-1,082,870	-1,423,780	-1,239,664	-1,493,836
Profit / Loss Before Tax	272,968	-6,475,147	-1,178,411	157,362
Income tax expenses	-464,111	579,647	1,033,193	731,572
Profit / Loss from Continuing Operations	-191,143	-5,895,500	-145,218	888,934
Profit / Loss from Discontinued Operations	–	–	–	–
Profit / Loss for the Year	-191,143	-5,895,500	-145,218	888,934
Attributable to shareholders of the company	-191,143	-5,895,500	-145,218	888,934
Attributable to minority interests	–	–	–	–
Other Comprehensive Income / Loss, Net of Tax				
Foreign currency transaction differences	–	–	–	–
Revaluation of vessel	–	–	–	–
Total Other Comprehensive Income / Loss, Net of Tax	–	–	–	–
Total Comprehensive Income / Loss	-191,143	-5,895,500	-145,218	888,934
Attributable to shareholders of the company	-191,143	-5,895,500	-145,218	888,934
Attributable to minority interests	–	–	–	–

(Continued)

Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	96,250,505	63,731,090	30,986,927	25,137,543
Cost of sales	-93,222,738	-58,894,451	-30,794,361	-31,447,266
Gross Profit / Loss	3,027,767	4,836,639	192,566	-6,309,723
Other operating income	1,521,683	5,468,653	6,571,686	3,087,180
Administrative expenses	-15,228,401	-12,618,257	-4,993,806	-7,844,825
Other operating expenses	–	–	–	-23,009,293
Operating Profit / Loss	-10,678,951	-2,312,965	1,770,446	-34,076,661
Gain / loss on disposal of subsidiaries	–	4,148,994	–	–
Finance costs	-2,010,819	-4,013,547	-4,216,639	-3,981,668
Profit / Loss Before Tax	-12,689,770	-2,177,518	-2,446,193	-38,058,329
Income tax expenses	878,921	2,295,130	-1,001,589	10,943,945
Profit / Loss from Continuing Operations	-11,810,849	117,612	-3,447,782	-27,114,384
Profit / Loss from Discontinued Operations	–	-4,425,438	-95,259	86,751
Profit / Loss for the Year	-11,810,849	-4,307,826	-3,543,041	-27,027,633
Attributable to shareholders of the company	-11,810,849	-4,968,787	-2,699,452	-26,654,014
Attributable to minority interests	–	660,961	-843,589	-373,619
Other Comprehensive Income / Loss, Net of Tax				
Foreign currency transaction differences	–	–	–	-106,433
Revaluation of vessel	–	–	–	3,801,062
Total Other Comprehensive Income / Loss, Net of Tax	–	–	–	3,694,629
Total Comprehensive Income / Loss	-11,810,849	-4,307,826	-3,543,041	-23,333,004
Attributable to shareholders of the company	-11,810,849	-4,968,787	-2,699,452	-22,959,385
Attributable to minority interests	–	660,961	-843,589	-373,619

(Continued)

Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2012 RM
Revenue	30,925,257
Cost of sales	-25,023,408
Gross Profit / Loss	5,901,849
Other operating income	8,389,464
Administrative expenses	-9,446,292
Other operating expenses	-25,918,170
Operating Profit / Loss	-21,073,149
Gain / loss on disposal of subsidiaries	-
Finance costs	-5,220,300
Profit / Loss Before Tax	-26,293,449
Income tax expenses	-10,811,636
Profit / Loss from Continuing Operations	-37,105,085
Profit / Loss from Discontinued Operations	-
Profit / Loss for the Year	-37,105,085
Attributable to shareholders of the company	-37,105,085
Attributable to minority interests	-
Other Comprehensive Income / Loss, Net of Tax	-
Foreign currency transaction differences	-1,112,536
Revaluation of vessel	-
Total Other Comprehensive Income / Loss, Net of Tax	-1,112,536
Total Comprehensive Income / Loss	-38,217,621
Attributable to shareholders of the company	-38,217,621
Attributable to minority interests	-

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DATASONIC: GOING PUBLIC

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At 8.00 am on January 6, 2012, the Chief Operating Officer (COO) of Datasonic was entering his office which was located at its headquarters in Kuala Lumpur. Raymond, the COO, began looking at all the documents that were placed on his table. All these papers have to be scrutinized and a report prepared before the historic culmination of a new journey. Although Raymond was already exhausted thinking about the numerous events leading to the new chapter of the company, he was adamant about forging ahead. His company was on the verge of pursuing an initial public offering (IPO) and was about to experience a big and important change soon. Just as he was thinking even further, the telephone on his table rang. In fact, the telephone in his office had been ringing incessantly over the past few days. There was an urgency hanging in the air as the telephone rang today. It appears as if Raymond would be unable to reject any calls at all today for it rang so clearly, so loudly and so importantly. As Raymond picked up the mouth piece to speak, he could hear a familiar voice, that of the founder of Datasonic, Datuk Abu Hanifah, who was on the other end.

“Hi Raymond, we have to be more detailed in our prospects and growth to convince the clients before they walk away with their money”.

The COO took a deep breath and evaluated the vision for the company. He then headed into the preparation and marketing phase of the IPO. The pressure of going public and “buying” call shares from the investment bank had taken Datasonic to unexpected turns with the company’s IPO being successfully listed on September 3, 2012. The company’s IPO offer price had increased 15 percent on the day of its listing and this had put a smile on everyone’s face, especially those who had worked extremely hard, putting all their efforts into making the IPO a success. It was clear that the investors’ confidence had motivated them to strive on despite their busy day- to-day activities in their bid to expand the group’s business.

Barely four years in the industry, on February 4, 2016, after the clock had turned 11.30 pm, the COO turned out the lights in his office and was about to leave when the office’s telephone

rang. Judging from the way the telephone set was placed on the table and from the sound of the ringing tone, the call seemed to be an important one. Putting his keys perhaps inside his pocket, the COO eagerly *answered* the call without switching on the lights, “*Yeah Raymond*”, the founder of Datasonic’s voice roared at the other end, “*How is everything going on?*”

COMPANY’S BACKGROUND

Datasonic began its operations on October 22, 1980, selling Information Communication Technology (ICT) products in the form of imprinters of credit cards and computers. These were supplied to the various financial institutions in Malaysia. Initially, the company was known as *Bumi Packaging & Storage (M) Sdn. Bhd.* but subsequently, on March 13, 2008, the company was rebranded as Datasonic Group Berhad.

Over the years, Datasonic’s business, despite being a Small-Medium Sized Enterprise (SME), has been growing rapidly. In fact, Datasonic introduced more diversified products and services such as ICT software and hardware systems and solutions into this country than any other company. Apart from its products and services, Datasonic also manages projects and ICT related projects for various agencies. Datasonic also provides services such as technical consultancy and R&D to other organizations.

The core business of the Datasonic group is smart card personalization such as secure ID, debit cards, credit cards and bank cards. The other products include customization of software and hardware solutions, ICT consultancy, R&D and technical consultancy services.

As a company, Datasonic operated as *Bumi Packaging & Storage (M) Sdn Bhd.* in the early stages of its development. However, in 1983, the company ventured out with Datacard Corporation and in 1991, both companies carried out a joint venture and Datasonic Corporation was awarded the distribution rights for Datacard, a Central Issuance System and Solutions provider, in Malaysia. On June 1, 1999, Datasonic Corporation, through Dibena Enterprise, was awarded the contract to design, set up and supply smart card personalization systems and solutions to various agencies as well as to provide the necessary technical support to the National Registration Department (NRD) of Malaysia.

As a sole ICT vendor, Datasonic handles three major smart card programs (government multi-purpose cards (MyKad), payment multi-purpose cards as well as Europay, MasterCard and Visa Card migration) in the country. In 2001, Datasonic launched the new smart card

project with multiple applications for all Malaysian citizens. This was followed by the ATM smart card and the EMV chip-based credit card migration throughout the country.

In February 2006, Dibena Enterprise acquired the entire shareholdings from Datacard Corporation in order to expand its services and technology. A year later in 2007, Dibena Enterprise acquired Datasonic Technologies which was involved in the project management for implementation of ICT system solutions specifically, for government ministries, agencies and other large industry players in healthcare, telecommunication and other sectors. To accommodate the increasing demands of the clients, Datasonic Corporations established its own center with the cooperation of Bank Simpanan Nasional. The services it offered include the provision of PMPC i.e. ATM with chip-based cards and the EMV credit cards for migration within the country.

To provide the services of R&D and technical consultancy to both Datasonic Corporation and Datasonic Technologies, Smart Consult Solutions was incorporated in April 2004 and by May 2012, Smart Consult was granted the MSC status by the Multimedia Development Corporation (MDEC). Among the key projects of Datasonic Technologies at that time were:

- The Visa and Pass system for the Immigration Department of Malaysia,
- The BPA system at the Prime Minister's department,
- The OKU (*Orang Kurang Upaya*) project under the Ministry of Women, Family and Community Development,
- The SMOKU (*'Sistem Maklumat Orang Kurang Upaya'*) project for the Ministry of Women, Family and Community Development,
- The NGN project for Telekom Malaysia *Berhad* and Huawei Technologies (Malaysia) *Sdn Bhd.*,
- The Call center services for PTPTN (*Perbadanan Tabung Pendidikan Tinggi Nasional*),
- Supplier of the new raw MyKad chips with 100% polycarbonate material,
- Maintenance of the data center and help desk for the Immigration Department of Malaysia,
- Maintenance of the existing passport printer for the Immigration Department of Malaysia,
- Supplier of the new polycarbonate passport datapage and laser engraving equipment for the Immigration Department of Malaysia, and

- Overseer of other projects including the supply, delivery, installation, commissioning, testing and maintenance of other ICT projects across various government agencies and private institutions.

Over the years, the businesses operated by Datasonic have grown. As the only ICT vendor in Malaysia providing and serving three major smart card programs - the Multi-purpose cards (national ID card, MyKad), payment through multi-purpose cards (PMPC) and Europay, Mastercard and Visa cards migration within the country, Datasonic was very much sought after. This propelled Datasonic to aim at being a listed company.

Private to Public

A country's economy is mainly driven by business operators of various sizes and industries. In the Malaysian context, the Small and Medium Enterprises (SMEs) play a significant role in generating Malaysia's economic growth. However, despite their contributions, the role SMEs play in the economy is still constricted due to the inherent challenges and obstacles. SMEs lack the ability to access experts and raw materials. SMEs appear to be unable to find the right mix of expertise to assist them with their technical knowledge inadequacies and with their business management in terms of securing relevant raw materials for their industry. Among these, the most crucial challenge faced by the SMEs is access to expand their capital through loans and investments.

To assist the SMEs in their daily operations, *Pemandu* (Performance Management and Implementation Unit) introduced the continuous strategic reform initiative (SRI) which is aimed at ensuring that the development of *Bumiputra* small and medium-sized enterprises (SMEs) is at par with that of other companies in the country. It is also meant to promote the growth and expansion of *Bumiputra* small and medium-sized enterprises (SMEs). *Pemandu* is a unit under the Prime Minister's Department that is tasked to achieve the objectives of the Economic Transformation Program (ETP) as well as realize the vision of the Government's Transformation Program. Undoubtedly, it is such an initiative and strategy that helped Datasonic to become a listed company.

Since its' inception, Datasonic has never looked back because by early 2012, the enterprise was generating significant revenue growth. It was then that the founder of

Datasonic began to realize that the firm had to raise additional capital to expand and sustain its business growth. The balance sheet of the company showed a healthy financial position which surpassed the performance in 2011. This was an indication that the company was almost ready for listing.

Initial Public Offerings (IPOs)

The decision to become a public listed company is an important one in the company's life cycle. This is a stage where the company or firm would place Initial Public Offering (IPOs) for the first time to third party investors. Typically, young and rapidly growing businesses face the pressure of raising additional capital. As an organization, a company could raise capital either through a private equity or through public offerings. In private equity transactions, the company raises funds through privately owned non-financial institutions in the form of stocks or other securities that might be convertible to stocks. In contrast, the public issue comprises of companies selling equities to the public for the first time. Through a public issue the company is able to increase its paid-up capital more quickly. IPOs are usually in the form of offer for sale or public issue or a combination of both to the public. According to the *Bumiputra* Equity Requirement for public listed companies, all corporations seeking to be listed must meet the 25 percent public spread requirement stipulated under *Bursa* Malaysia's listing rules. This was imposed as a measure to motivate the redistribution of wealth and ownership among the *Bumiputra* shareholdings as well as to promote an open and attractive market that encourages a healthy competition among others in the same industry. Nonetheless, the government's ruling changed, effective from June 30, 2009 the requirement for *Bumiputra* shareholdings to participate was reduced to 12.5 percent.

There are rules for IPOs. Firms that plan on going public in the Malaysian Stock Exchange are expected to be registered firstly and then to acquire approval from the Securities Commission (SC). Such firms therefore, need to comply with the threshold layout of the regulators including the listing criteria. In the Malaysian context, the determinants used for ensuring that companies are suitable for listing could be traced to the regulatory and market benchmarks. The regulatory benchmark consists of the rules and eligibility for listing in the market whereas the market benchmark focuses on the perception of the

investors with regards to the prospects of the company. Prior to listing a company must determine its own suitability for listing, whether on the Main Market or the ACE Market which stands for 'Access, Certainty, and Efficiency'. The Main Market is mainly a listing avenue for large and stable companies while the ACE market caters to companies that are related to technology, small sized companies and high growth companies. To be listed, a company must prepare and register its prospectus. The decision of the application is based on the evaluation of the report provided by the Securities Issuance Department, the Equity Compliance Unit, the Asset Valuation Audit, the Investment Division and the Prospectus Department.

There are a variety of reasons for companies to conduct an IPO but the benefits of being a listed company are unrivalled, particularly when preparation meets opportunity. Upon listing, companies are not just able to raise funds for their own expansion and growth, they are also given more choice in terms of avenues to raise money for their future investment and development. The outcome of these strategies will foster and sustain the growth and expansion of the respective company's business plans. In this regard, it is important for any company to ensure that its goals and objectives are properly aligned with the interests of the investors and stakeholders. Moreover, the company also needs to brace itself in facing the impact of being listed because if the company is fortunate enough to pitch the deal during listing, its IPOs will be successfully promoted among the investors.

Winning the potential aftermarket transactions is crucial because the costs involved in becoming public listed are sizeable. There are a few costs associated with the IPO itself – direct and indirect costs. The indirect cost refers to the time invested by the management in the process of becoming listed, its financial commitment with the IPO process and other additional disclosures that would enable the company to maintain the listing, not to mention the time and resources engaged by the company in trying to fulfill market expectations. The direct cost, in comparison, includes several types of fees such as underwriting fees, auditing fees, independent market researchers' fees, issuing house fees, accountant fees, tax advisers' fees as well as legal fees. Thus, the listing costs could be sizeable. However, these fees may be paid through the proceeds raised from the listing. Nonetheless, the initial cost of listing at the start of the process, has to be incurred by the company itself.

A company faces many challenges for it to be listed successfully. Therefore, support and commitment from all parties, especially the shareholders, are important. Further, to be listed successfully, the management of the company must endeavor to disclose all the necessary information to the public via the prospectus. This includes the company's financial status, stakeholders' holdings and the utilization of the IPO proceeds. Thus, it could be said that behind the success of every company's listing lies the great support of the management team including the company's founders, senior management, institutional investors and underwriters - all of whom put in effort to anchor the deal.

In pitching for the company to be listed, the lead in the process will be conducted either by one or more investment banks. Investment banks normally play an important role in the planning as to how to conduct the IPO, how to evaluate the company and how to make recommendations to the company regarding which stock exchange to be listed. Based on all these information, the company has to consider seriously before appointing its lead investment bank. In other words, the investment bank will act as the primary agent responsible for the successful listing of an IPO. Its function is to identify the perceptions of the public and institutional investors and convey them to the company. As investment banks are engaged to lead the IPOs, they are paid based on a commission basis. These fees are normally charged to the issuer and investment banks are paid through the proceeds realized from the IPO. The fees of the investment banks vary according to the company size and the reputation of the investment bankers selected. In the Malaysian market, fees charged by investment banks range from 2 to 3 percent of the IPO proceeds. In the case of Datasonic, the fees of its investment banks, to be paid from the issuance of the public issue, is 2 percent of the underwritten value of the public issues while the fees for the offer for sale and placement range between 0.5 percent to 2 of the IPO value, which is the usual charge.

Apart from that, the additional fees involved are printing fees, brokerage fees, legal adviser fees and other miscellaneous fees such as traveling and communication. To be listed on the ACE market, the company must secure sponsors for at least three full financial years after being listed in the ACE market. Other costs incurred after being listed include the cost of raising the additional capital and annual fees payable to the Exchange for maintaining the shares. The main cost of being listed is the privacy and autonomy of private businesses, thus, sole owners may become less secure.

THE PROCESS OF GOING PUBLIC

In tracing the process of going public, we return to the COO, Raymond. At his office, Raymond scanned the to-do lists on his long table. As he was looking and thinking, Raymond was jolted to a sudden awareness; this company requires a lot of effort from him towards preparing for the IPO. To generate growth and meet the financial needs of the company, Raymond was planning on filing the prospectus of Datasonic to the Securities Commission (SC) by the end of 2012. Preparing for an IPO is not easy and Raymond began to recall the few options provided by the underwriters as a means of managing the IPO process. Raymond believed that it would be good to have the principal adviser from the local banks rather than approach the international or global bankers. The reason is that a local adviser and banker, being locals share a common understanding of the Malaysian culture and given similar backgrounds would share a common thread of thinking and making decisions in determining the listing process. Further, as a private company, it would be extremely difficult for Datasonic to navigate its own IPO process without the help of an adviser. Datasonic's management would be hard pressed to manage the process of going public on its own as the employees and management team are already occupied with the daily operations of running the business. Therefore, hiring an investment banker would assist Datasonic in its listing endeavor. Undoubtedly, investment bankers have diverse market perspectives, approaches and experience in conducting the IPO. Therefore, it is important to choose an adviser whose way of doing things is aligned with Datasonic's vision.

With that in mind, Datasonic met with several advisers and underwriters including the Maybank Investment Bank Berhad, Alliance Investment Bank Berhad and CIMB Investment Bank Berhad. Finally, the Datasonic team selected and appointed the Alliance Investment Bank *Berhad* as its principal adviser and underwriter, the HwangDBS Investment Bank *Berhad* as the joint underwriter and Mainstreet Adviser Sdn Bhd. as the joint adviser. Meeting his team, Raymond then explained that the next level of the process would be difficult to forecast. Hence, he made the call, *"I want each one of us to get involved in the IPO; it is only going to be once in our lifetime business"*.

The Malaysian Issuing House (MIH) managed two important tasks for Datasonic. It managed the application of Datasonic to be listed on the main market and the

administration process of the IPO subscription and the type of capital needed. MIH has been established since 1993 and it offers several types of services for securities to be offered in the primary market. The issuing house is regulated by the Securities Commission and it is licensed under the Capital Markets and Services Act of 2007. To date, MIH has been working closely with *Bursa Malaysia Securities Berhad*, administering more than 525 companies including Malaysia's biggest IPO namely Astro, AirAsia, Maxis Bhd, Petronas Chemicals, Felda Global Ventures and UMW Oil & Gas.

As mentioned earlier, for it to be listed, Datasonic needs to prepare its prospectus which provides the information related to the offer for sale of securities that are registered under the SC. Datasonic also needs to submit a copy of its prospectus to the Registrar of Companies. During the application process, an abbreviated version of the prospectus would be published in the newspapers but the official prospectus would be posted on *Bursa Malaysia Securities Bhd*. The prospectus is a document that is used by the issuer to invite the public to invest in the company. It contains relevant information of the company so that investors can assess the risks and benefits involved before investing in the company. However, prior to the distribution of the prospectus, the company concerned must ensure that it has received the approval from *Bursa Malaysia* to do so and that the prospectus has been approved by the Securities Commission (SC) and has been registered under the Registrar of Companies (ROC).

Datasonic's prospectus was issued for the first time on August 3, 2012 at 10.00 am. The application form for subscribing and a printed copy of its prospectus were distributed by MIH to the public investors, the stockbrokers as well as the investment banks concerned. The completed application forms were collected from the investment banks, the stockbrokers and also other media such as the Electronics Share Applications A and the Internet Share Applications (ISA). At the closing time of the application at 5.00 pm on August 17, 2012, all the application subscriptions received were manually counted before the internal and external audit checks were performed. This is to assure accuracy in the counting.

Thereafter, on August 23, 2012, the subscription results were presented to the directors of Datasonic to determine the basis of the allotment of shares. The directors decided on balloting taking into account its fair distribution process. The applications

were then categorized as *Bumiputera* and non-*Bumiputera*. This was meant to fulfill the requirement of the listing as well as to meet the minimum public share spread's requirement. After deciding on the basis of the allotment, the balloting was performed. The outcome of the successful applications from the balloting was then conveyed to the Securities Commission, *Bursa Malaysia* and the media on August 30, 2012.

After the balloting process, MIH, would check and verify the applications by making sure that the payees had correctly stated their names and the amount they wish to subscribe and that the applications were complete. The application forms would then be forwarded to *Bursa Malaysia Depository Sdn Bhd* for verification of the successful applicants' details. In case of any discrepancies noted in the information provided in the application, *Bursa Malaysia Depository Sdn Bhd* would replace them with the reserve applications from the ballot as *Bursa Malaysia Depository Sdn Bhd* is in charge of the applicant's data. Following this, the CDS accounts of the successful applicants will be credited. The partially successful applicants would be given refunds which will be processed electronically.

DATASONIC IPO

One month after filing its prospectus with the Securities Commission, Datasonic was scheduled to be listed on the Main Market of *Bursa Malaysia* on September 3, 2012. The IPO issuance was meant to fulfill several objectives:

- (i) to enable the company to gain access to the capital market and to broaden its capital- raising avenues so that funds can be raised for future expansion and growth;
- (ii) to provide an opportunity for investors and institutions to participate in the continued growth of the group; and
- (ii) to improve the stature of the company and elevate its public profile besides increasing market awareness about its products and services thereby, expanding its customer base.

The trigger

The market capitalization of Datasonic had increased more than 17 times since its listing in September 2012. Over the 52 weeks ending January 2016, the company's share price increased 21 percent overall. However, from the beginning of February 2016, the stocks began to decline significantly. At the time of IPO listing in 2012, the price was RM 2.00 but as of February 4, 2016 the price was RM 1.13, reflecting a decrease of almost 76 percent (refer Figures 2 and 3). In the light of this, in February 2016, the management team began to reevaluate their decisions on going for public.

TRACKING FORMER UUM STUDENTS: WHERE ARE THEY?

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INTRODUCTION: OH MY ALUMNI!

Dr. Abd. Halim Mat Lazim is quietly contemplating in his office thinking about how to tackle the given directives, by the upper echelons of university management, that were established during the Senate meeting held earlier on that morning. As the Director of UUM Alumni Centre he is ultimately responsible for the direction of the Alumni Centre and its success. He needs to discuss this pertinent matter with his officer. He called for Mr. Omar, the System Officer, to discuss about how they should correctly proceed.

“Knock! Knock! Knock!”

Mr. Omar: “Dr. Halim, you wanted to see me?”

Dr. Abd. Halim: “Yes, yes, please have a seat”.

Without wasting any more precious time, Dr. Abd. Halim explained in detail to Mr. Omar the directives from UUM top management and the utmost urgency of having the alumni records updated. He also explained the dire need for activities that would benefit both UUM and the alumni in order to successfully accomplish the objectives of the Alumni Centre.

Dr. Halim: “Currently, we have almost 70,000 graduates from UUM. Some of them include international postgraduates who hold reputable positions in their respective countries, such as ministers, politicians, corporate leaders, and academicians. So, if we are able to maintain good rapport with them, we could involve them in promoting UUM to the world, by utilising their knowledge and experience in supporting the development of the students’ career internationally”.

Mr. Omar: “Yes, I agree with you, Doc. We could collect the graduates’ updated information so that it would facilitate the cooperation between them and the local students of UUM. We do have a system to do that”.

Dr. Halim: “Yes we do. But, well... the system does not really accomplish what we want to achieve, does it? We have used the system for quite some time now. However, I believe there are some issues with the system”.

Mr. Omar: “For your information Doc, the current system doesn’t store updated information since it is a stand-alone system and can only be update based on a group of data and not in real time. The information we have in our system is only from the past five years, yet we have produced graduates for more than 20 years! The records before 2008 cannot be updated since we do not have any information. It is very difficult to track down previous alumni records”.

Dr. Halim: “If that is the case, we need to think what we should do to collect updated information, so that we can maintain the link between UUM and its former students. We also need to get feedback or responses on their current employment status either they already employed, still looking for a job or unemployed”.

Mr. Omar: “I agree Doc. The updated information would be useful for fulfilling our Alumni Centre objectives”.

Dr. Halim: “Yes, this can be a major referral centre for planning UUM internationalisation activities, such as promoting UUM internationally, recruitment of foreign students, and updating status of their employment after graduating. As a result of this system, their employment status can also be analysed for gauging the marketability of our graduates. Our current problem also at the moment is the desired system would demand high a budget, which we simply cannot afford at this moment in time”.

Mr. Omar: “Yes. We definitely need quite a high cost to install the new hardware and software”.

Dr. Halim: “While waiting for the budget, may be we could think of suitable system requirements that we need”.

Mr. Omar: “Indeed. I will discuss about the system characteristics that we want with my staff, but the challenge is we do not have any staff with IT background to assist us”.

Dr. Halim: “I can assist government with that... I will try to request for an IT officer to be allocated in the Alumni Centre. Alright, thank you Mr. Omar. We’ll see each other again in one week to discuss this matter thoroughly. I hope that you can gather the requirements for our new system based on the current system constraints. I will look into the matter of our alumni directions to tally with the system. We have to work fast on this matter as our top management is pushing for the Alumni Centre to accomplish this mission”.

GENERAL BACKGROUND OF ORGANISATION

Over time, UUM has produced more than 70,000 graduates from different levels of studies and programmes since its first convocation ceremony in 1988. This figure is indicative that UUM alumni are everywhere in the country and it is not surprising if they are also posted abroad. This milestone reflects UUM’s capabilities in producing satisfactory graduates to fulfil the demand of human resources in the Malaysian labour market and also at the international level.

“Pusat Alumni UUM” or the UUM Alumni Centre, which was established in 2008, is located at the Student Affairs Department. It is headed by a Director and assisted by an Assistant Director with four support staff, as shown in Figure 1. They are responsible in ensuring that the Centre plays an optimal role in achieving the vision and mission of UUM through smart partnership with the alumni. It also serves as a liaison among the alumni and UUM.

Vision of Alumni Centre

Establish continuous cooperation between alumni and the university in the realisation of the UUM development agendas and the country.

Mission of Alumni Centre

Strengthen alumni relations through smart partnership between the alumni and university for mutual benefits.

Objectives of Alumni Centre

- Establish continuous cooperation with the alumni for further university development.
- Expand the alumni network among local and international graduates.
- Manage endowment of alumni and channel it to the welfare and development of the students and the university.
- Manage UUM Foundation for the purpose of funding for students and university.
- Provide programmes involving the alumni which contribute the expertise and skills that can be shared with future graduates to upgrade themselves and their careers.

Alumni Centre Organizational Chart

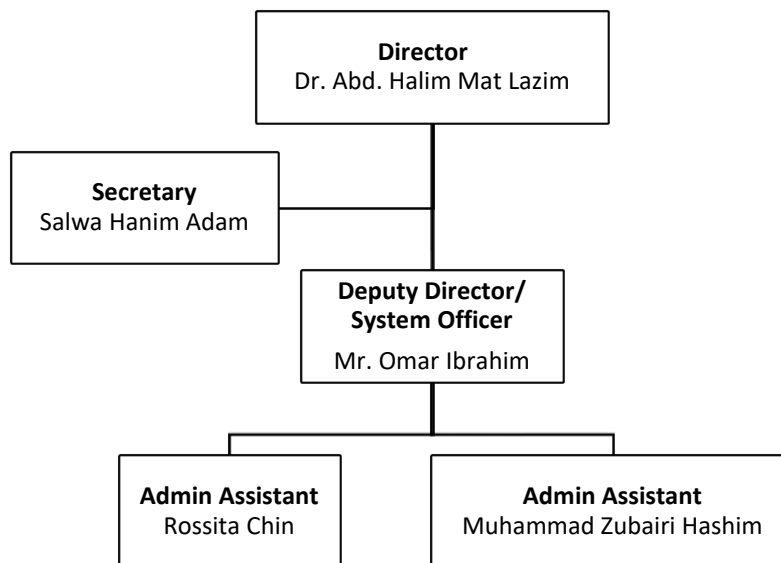


Figure 1: Alumni Centre organisational chart

The Alumni Centre is responsible for keeping track of all records about former UUM students, either graduate or postgraduate students, whether they are attached with a local or international company after graduation. To maintain a good relationship and open communication between ex-UUM students and the Alumni Centre, a database can play as a bridging method so that all

relationships and student development after they leave the campus can be monitored. This database can also help the university management to reach out to every ex-student and thus facilitate university promotion of UUM programmes throughout the world.

TRACKING FORMER UUM STUDENTS

Where are they?

After one week, Mr. Omar reported to Dr. Halim, about the findings and information that he had collected. He described briefly about the scenario of managing records of former students. The main issue is to track and manage updated records of all former UUM students since 1988. As a practice before graduation, students are required to fill up the graduate Tracer Study form, as prepared by the Ministry of Higher Education. The information required includes graduate profile and employment status (Figure 2). The Alumni System retrieves the data from the Tracer Study database.

However, the Alumni System only stores data provided by the alumni during that single moment in time before their graduation, and does not have features to allow updates or the updating of information. The Alumni Centre staff also do not have access to update their information directly to the Alumni System.

Profile Information

Name :

Identification Card/Passport/Police/Army Number :

Email :

Mobile Number:

*Your personal information will be kept confidential and will not be disclosed or shared with any third party without your consent.

Studies Information and Job Status During Convocation

Convocation Year	Institution	Award	Job Status During Convocation
2015	UNIVERSITI UTARA MALAYSIA	IJAZAH SARJANA MUDA SAINS DENGAN KEPUJIAN (TEKNOLOGI MAKLUMAT)	Not Working

Figure 2: Graduate Tracer Study System (<http://graduan.mohe.gov.my>)

The system desired by the UUM Alumni Centre will enable UUM to build good rapport with former students and allow communication among former students. Therefore, the alumni need to update the current employment status information in order to maintain a continuous relationship with UUM. In accordance to UUM internationalisation planning, the Alumni System will be the main referral centre between former students and UUM. In the case of international students, UUM can identify potential former students to promote UUM in their respective countries.

But before this can be achieved, alumni data need to be recorded manually and due to some constraints, the university is unable to completely trace all of the alumni. At present, the university can only manage to record 10,500 alumni since 2008, when the alumni database system was developed (Figure 3). However, the process is updated by batch processing, which with its constraints, will create problems related to the data not being updated on time and thus ultimately affecting data integrity.

The screenshot shows a web form titled "w_ha11 - Merekod/Kemaskini Maklumat Peribadi Siswazah". The form contains the following fields and options:

- No. Matrik :
- No. K/P :
- Tarikh Lahir :
- Jantina : Lelaki Perempuan
- Bangsa :
- Warganegara : Warganegara Malaysia Bukan Warganegara Malaysia
- Agama :
- Taraf Kahwin : K - Kahwin B - Bujang
- Alamat Surat Menyurat :
- No. Telefon :
- Kolej Akademik :
- E-mail :
- Ahli PAUUM : Ahli Aktif Ahli Seumur Hidup
- Status Meninggal : Ya Tidak
- Falsafah Hidup Anda :
(Tidak melebihi 15 perkataan)

At the bottom of the form, there are two buttons: "Sambung" and "Simpan", along with a small icon of a computer monitor.

The screenshot shows a web application window titled "w_ha12 - Merekod/Kemaskini Maklumat Pekerjaan". The form contains the following information:

- No. Matrik: 10772 Omar Bin Ibrahim
- Status Kerja: (dropdown menu)
- Jawatan Sekarang: Pegawai Tadbir
- Taraf Jawatan: Tetap
- Kategori Jawatan: Pengurusan
- Jabatan: Badan Berkanun
- Tarikh Mula Kerja: 11/01/2000
- Gaji: RM 3001 keatas
- Bidang Tugas: Pengurusan Pentadbiran
- Nama Pejabat/Syarikat: Universiti Utara Malaysia
- Alamat Pejabat: Pusat Alumni, Universiti Utara Malaysia, 06010 Sintok, Kedah
- No. Telefon: 04-9284036
- No. Fax: 04-9284016
- Status MSC: Ya Tidak

At the bottom right, there are buttons for "Sambung" and "Simpan", along with a small icon of a printer.

Figure 3: Alumni System

What went wrong?

There is no robust and tough system completely without having some failure. When this happens, the most critical matter is the safety of the data, and also the system integrity itself. Backup and restore processes should be done by IT experts, but this case, there is no IT staff being assigned to the Alumni Centre to manage and maintain the system. Therefore, updating and modifying information must be done directly by staff from another department, in other words UUMIT staff.

The process of updating the data is done through batch processing by UUMIT. The Alumni Centre has no access to update student profile and current employment's status. In addition, most of the alumni are not aware of the system due to several reasons, such as weak links between UUM and the alumni, and no direct access to the Alumni System from the university website.

The data storage (server) is currently located at UUMIT, which also shares with other university applications. The continuous growth of alumni data from year to year would require a separate large data storage and high speed processor, due to the current server that is no longer able to support the high volume of data.

In order to purchase a new server, the Alumni Centre requires a large amount of funds which is not currently available. In addition, the Alumni Centre is not a profit-based unit. Therefore, it is beyond their capability to generate income to purchase, install, and maintain the new server.

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MUDIM ENTERPRISE : FINDING THE RIGHT STRATEGY

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INTRODUCTION

Despite Shaarani's efforts in positioning MUDIM as one of the successful Small and Medium Enterprises (SMEs) in Malaysia, his mind was not at peace. He visualized many business opportunities and risks involved in managing MUDIM, such as sluggish economic environment in Malaysia, turbulent market demand and technological changes and various competitive forces in the industry. For instant, competition from other firms, such as Habhal, Jalel and Adabi, and the increase in prices of raw materials used as the main ingredients for MUDIM's products, such as dried soy bean and chilli, could also badly affect the company's profitability. As the owner and Managing Director of MUDIM, Sharaani believed that business sustainability was very much dependent on the ability of the business strategy. To stay competitive, Shaarani had started to think to develop and penetrate to new market.

COMPANY BACKGROUND

MUDIM was a *Bumiputera* business producing three main products - soy sauce, chilli sauce and vinegar. Of its three products, MUDIM was well known for its soy sauce, boasting of a unique taste and catering to the palate of children, teenagers, adults and the older group, alike. The use of plastic bottles with a unique and easily identifiable shape was made MUDIM distinguished from its competitors who used glass bottles.

MUDIM commenced its food business in 1987 as an SME. The start-up capital was RM 10,000. Due to the fine and exquisite taste of the soy sauce, the demand from the customers consistently kept increasing and hence it rapidly increased the capital to

RM300,000 after just 20 years of operations. MUDIM was located in Pendang, Kedah Darul Aman. The name 'MUDIM' was crafted from the nickname of Shaarani's late father, Mr. Zakaria Arshad.

In the initial stages, MUDIM's products were sold to local people around Kedah, and slowly began penetrating markets in the states of Perlis and Pulau Pinang. Sharaani himself was responsible for promoting and selling the soy and chilli sauces. Being very enterprising, Shaarani distributed the sauces to grocery shops around the village. For two years, he was a familiar figure on a motorbike in his village, diligently distributing his homemade soy and chilli sauces to nearby areas. The income from the two-year sales was good enough for him to buy a second-hand car at a cost of RM3,000. Being able to carry more products in his car and travel, even in bad weather, Shaarani found his sales increasing with more revenue coming in, due to his perseverance and relentless efforts.

In 2016, MUDIM had a total of 46 workers. His right hand man was his General Manager, Hakim. To emphasize on efficient business operations, Shaarani always cared about his employees and did not neglect their welfare. In fact, employees were treated as MUDIM's most prized asset. He was a magnanimous man, and staff members, mostly from the Pendang area, were happy working for MUDIM. Since its establishment, staff turnover in MUDIM was negligible. The longest staff tenure was 27 years and that employee retired at the age of 77 years. MUDIM did not face shortage of staff since it was easy to find local people to work with MUDIM.

VISION AND MISSION OF MUDIM

MUDIM had a Vision as follows:

To become one of the leading food industries in Malaysia with high quality products at reasonable price, which satisfies customers and meets their expectations.

Two broad mission statements embodied MUDIM's goals as follows:

- To produce high quality and *HALAL* products for the local and global markets.

- To contribute to the economic growth of Malaysia.

MUDIM'S STRATEGY

To be competitive in the food industry, strategic planning was crucial. Shaarani initiated many marketing efforts to promote MUDIM's products both locally and abroad. One of the ways he did this was by hiring sales agents who could promote the products to hypermarkets in Malaysia, such as Tesco, Giant, AEON and Mydin. Top management realized that once the products could penetrate the hypermarkets, the demand would increase. However, most hypermarkets were more inclined to place well-known brands in front shelves and products of MUDIM were as an alternative choice for customers. Fulfilling customers' demands was not easy. Shaarani was aware that their products were still new in certain geographical areas, and 'guerrilla' style promotion was not exactly a brilliant option to market MUDIM's products due to inadequate resources and limited production.

During festive seasons, MUDIM promoted its products via the state radio, especially during the fasting month of Ramadhan. The indirect sales into international market were also initiated from MUDIM's products, such as in Egypt, Brunei, Indonesia and Singapore. The overseas market was initially started by students who went to study overseas. They brought along MUDIM's products in huge quantities for their own consumption and sometimes, sold the products to their friends. Besides, MUDIM also allowed students from higher learning institutions to do research on MUDIM's products in order to boost its business image. 'Word-of-mouth' from these students indirectly helped in business expansion to other new geographical areas, such as the Klang Valley and the Western and Southern Peninsular of Malaysia.

OPERATIONS

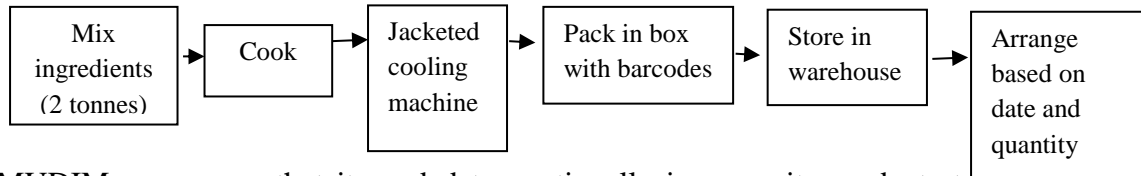
MUDIM was aware that it needed to continually improve its products to be more viable in the market. Therefore, MUDIM felt it was essential that the efficiency of its machinery

and the technology used in the factory be upgraded in order to maximise production. To continue producing high quality soy sauce and chilli sauce, it was imperative for MUDIM to ensure the machines and equipment could function optimally. Presently, there were 20 operators in the production line with two main activities (for soy sauce and chilli sauce) being carried out using the same machines in a week.

The main raw materials needed by MUDIM for production were soy beans, dried chilli, sugar and salt, and of course, the plastic bottles. Usually, the soy sauce that was produced could cater to a one-week demand. However, the demand for soy sauce and chilli sauce was often unpredictable, depending on prevailing conditions. Besides, one of the problems that MUDIM faced was maximising production due to shortage of machines. Currently, there was only one machine operating to cater for the production of both soy sauce and chilli sauce.

In MUDIM, the production of soy sauce took two consecutive days. Then, the company had to stop the machines and clean them in order to produce the chilli sauce. This usually resulted in a glitch when the production had to shut down for two to three days. The machines needed to be cleaned and dried completely before being used for the chilli sauce production. The process started with mixing the ingredients in a two-tonne heated pot. Once it was cooked, it was transferred into a jacketed cooling machine through a pipe. This was to avoid bacterial infection and to reduce the possibility of spoiling the sauce. The sauce was then filled into the bottles at a temperature of 32⁰C to 35⁰C, sealed and put into boxes with barcodes. In the event of any loss of products or spoilage, management could easily trace the products by referring to the barcodes. Before sending the goods to the market, the products were placed in a warehouse. MUDIM had a large and clean warehouse to stock the products and MUDIM ensured that the temperature of the warehouse was suitable for storing the products. This was because soy sauce and chilli sauce were considered as perishable products and needed to be stored under the right temperature. The products were systematically arranged based on the date manufactured and the quantities were keyed into a system.

Figure 1: Production Process



MUDIM was aware that it needed to continually improve its products to be not only more viable in the market, but to also sustain its competitive edge. It was important to accommodate the customers' demand and compete in the dynamic market. For MUDIM, their suppliers were the backbone, since the demand for MUDIM's products had increased tremendously over the years. To meet the high demand, new and sophisticated technology was vital for production. To be competitive, MUDIM had improved greatly on its business operations, from manual to automated production. Currently, the plant was 95% automated. With the automated and sophisticated facilities, the work system changed from a shift system to daily weekday operations from 8.30 am to 5.30 pm. Mr. Shaarani believed that with the new and modern machinery, the business could operate effectively without the need to operate 24 hours a day.

At MUDIM, there were seven main suppliers - Teong Chun, HM Trading, Syarikat AAA, Soon Seng Food Industry, Hat Leong Sticker Master, Rebond and Bintang Niaga, supplied raw materials. For MUDIM, it was not difficult to get new suppliers if the current suppliers over-charged. However, MUDIM preferred to create and sustain a long-term relationship with its current suppliers in order to build trust and ensure reliable and steady supplies. Shaarani believed that a good relationship with suppliers was significant as this would help in ensuring quality input, reduce delay of raw material delivery and speed up the production process.

COMPETITION

MUDIM also faced stiff competition from other businesses that offered the same products (chilli sauce, soy sauce and vinegar). Therefore, MUDIM needed to be constantly prepared to face the threat of new entrants into the same markets. Hakim, the Manager of MUDIM realized that some of MUDIM's competitors had previously

received several awards, especially for quality standardization. For instance, Habhal's soy sauce, a well-known product in this country, especially in West Malaysia, had received the ISO 9000:2008 certification, which was an obvious indication that Habhal's products had fulfilled international quality standards; customers had since begun to make a beeline for Habhal's soy sauce which were marketed all over Malaysia, including Sabah and Sarawak and to some countries, such as United Kingdom, United States and China. The competitors' products could easily enter the new markets due to their popularity and aggressive advertising. As for MUDIM's products, Shaarani was realistic. He acknowledged that it was difficult for their products to penetrate new markets due to limited resources and volume of production. For MUDIM, their priority was the survival of the business and offering affordable products for their customers. Shaarani remained confident. He was aware of MUDIM's strengths, including the competitive price of MUDIM's products compared to its rivals, like Habhal and Jalel. This was one of the main reasons why people preferred MUDIM's products as the prices were reasonable for all customers from low to high income earners. The last price revision for soy sauce was RM2.80 and it was done in 2012. Hakim, the General Manager of MUDIM mentioned that although the Goods and Services Tax (GST) had been implemented, there was no price increment for MUDIM's products. In terms of fluctuation of raw material costs, MUDIM did not face problems as they had a number of suppliers that could fulfil their demand on time. The price of the raw materials had not increased because MUDIM normally bought in bulk from suppliers.

Although MUDIM's products were doing reasonably well, Shaarani realised that the company could not afford to be complacent and rest on its laurels. Marketing efforts had to be undertaken and every year, Shaarani advertised MUDIM's products via the radio, especially during the fasting month. MUDIM also appointed their lorry drivers as sales agents. The sales agents were responsible not only for delivering the products to their respective wholesalers and retailers; they also had the role of introducing and marketing MUDIM's products to prospective wholesalers and retailers. Indirectly also, the attractive plastic bottle was another marketing effort which made customers want to buy MUDIM's products. The carefully ergo-designed plastic bottles were attractive and stood out from other similar products in the market. Compared to glass bottles, consumers found the

plastic lightweight bottles of MUDIM a nice addition in their kitchen and useful for storing other things when the sauces had been used up.

MUDIM'S INITIATIVES

Shaarani had received the support from various government agencies, such as the Malaysian Agricultural Research and Development Institute (MARDI), *Majlis Amanah Rakyat* (MARA), *Lembaga Kemajuan Pertanian Muda* (MADA), Federal Agricultural and Marketing Authority (FAMA) and Standards and Industrial Research Institute of Malaysia (SIRIM). MARDI was instrumental in providing advice and training on food processing; MARA conducted workshops on the intricacies involved in food preparation besides tips on how to become a successful and motivated entrepreneur; FAMA helped in the promotion of MUDIM's products through Expos held in various places, including in Brunei and Thailand; MADA gave a grant amounting to RM200,000.00 to boost MUDIM's business development; and SIRIM helped Shaarani hone his entrepreneurial skills to provide him the competencies and the much needed competitive edge to take MUDIM's brand name to greater heights.

Shaarani also had participated in several food product Expos organised by several relevant parties, such as the Global Halal Market Place (MIHAS) in Melaka, IAT Expo at the Putra World Trade Centre in Kuala Lumpur and ALL-Expo in Serdang, Selangor; it was Shaarani's fervent desire to make MUDIM's products a brand to be reckoned with in the local market. It made him beam with pride to see MUDIM's products proudly displayed on the shelves in hypermarkets, like Tesco, C-Mart, Giant and Mydin in Kedah, Perlis, Penang and North Perak. The average production of soy sauce, chilli sauce and vinegar was around fourteen (14) tonnes per day. Abroad, MUDIM products had successfully penetrated Brunei, Singaporean and Thai markets, clearly evidencing that Mr. Shaarani had successfully placed the MUDIM brand alongside other competitors, not only domestically but also in global market.

Other initiative was the practice of Islamic concept in MUDIM's production. The company strongly emphasized on cleanliness and purity of its products. This was proven

when MUDIM was conferred the Good Manufacturing Practice (GMP) Award. MUDIM sent its staff to attend courses organised by SIRIM in order to enhance their management skills and keep abreast with the latest trends and developments in the market. MUDIM's products were guaranteed *HALAL* and had been certified by *Jabatan Agama Islam Malaysia* (JAKIM).

FUTURE DIRECTION

The immediate future plan of MUDIM was to complete the construction of a new factory plant in order to enhance its production capacity. The wide and spacious compound surrounding the existing plant would be used to build the new factory. It was expected that the new factory could contribute towards an increase in production, sales and profitability of the business in the future. The completion of the new factory would enable the production and processing of soy sauce and chilli sauce to be done separately, hence negating the need to stop production and clean the same machine as done previously

MUDIM had come up with a few strategic plans for the company. The company started their operations manually and shifted to semi-automation, and then was 95% automated. Plans were underway for full automation. The company was in the process of building a new factory located behind the existing factory. Once the new factory had been completed, MUDIM planned to split the production of chilli sauce and soy sauce. MUDIM also planned to expand its trading and distribution of products, not only in Malaysia, but in global markets as well. In line with Vision 2020, MUDIM would move on and expand its business creatively, innovatively and competitively, to become viable as well as to achieve excellence, glory and distinction in the industry. MUDIM also wished to increase the use of computerized systems in its manufacturing and business operations. But, were these strategic initiatives being the best execution of MUDIM's growth and survival in this fragmented sector?

My First Task as Credit Analyst

Mohamad Yazis Ali Basah

Mazlynda Md Yusuf

Mohd Adha Ibrahim

Khairil Faizal Khairi

Hisham Sabri

Universiti Sains Islam Malaysia (USIM)

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Prologue:

Amir smiled as he looked at his status that he had uploaded to his Instagram (Ig) account early this morning.

“Wish me good luck!!!! My first day at Maju Bank Berhad.”

It received 150 likes and 120 comments from his friends - the most number of likes and comments from his *Instagram* friends.

Amir graduated from Faculty Economics and Muamalat (FEM), Universiti Sains Islam Malaysia (USIM) in November 2016. Three months before his graduation, he completed his industrial attachment with Maju Bank Berhad at the Head Quarters. He served at the Business Banking unit where his main job scope was processing business financing applications. He felt so lucky doing the attachment at Maju Bank Berhad and, based on his performance, he was offered a job as a credit analyst at Business Banking department of Maju Bank located in Seremban (Seremban Business Center). He was so eager and excited to begin his journey as a credit analyst.

Suddenly he heard his colleague saying, “Amir, Mr. Leong (Manager of Business Banking Department-Seremban Business Centre) wants to see you.”

Amir felt so nervous. He knew it might be the first task for him as a credit analyst. He took a deep breath and walked to Mr. Leong’s office.

“Good luck.” said his colleague.

“Yes Amir, please have a sit,” said Mr. Leong. “First of all, I would like to congratulate you on the appointment as a credit analyst. We had great expectation on you as our previous staff, Senior Credit Analyst En. Azizan was the main anchor to our business banking department before he was promoted as business manager and transferred to Cheras Business Centre of Maju Bank Berhad. Therefore, I see your appointment as crucial and very important to our branch.”

“Yes, Mr. Leong, I really appreciate this appointment from Maju Bank Berhad. I will try my best”, Amir replied.

“Here Amir, we have one financing application from Lateh Sdn. Bhd. This company has a long relationship with our bank. It was a very good customer and good conduct of the account. I want you to do a careful evaluation on its financing application. Tuan Haji Azhar

(the owner of Lateh Sdn. Bhd.) told me that he was also approached by another bank. Please have a look at the customer's file and submit the credit evaluation report to me within one week."

"Ok, Sir. I will try my best."

Basic Information Report

Branch: Maju Bank, Business Banking Department, Seremban Branch

Date: 09-09-2015

Client: Lateh Sdn. Bhd. (Formerly known as Lateh Enterprise)

Company Registration No: 7782-7273X

Date of Registration: 1 January 1994

Address: No 17 Jalan BBN1/2A, Bandar Baru Nilai, 71800 Nilai

Business: Stationery Supply

Lateh Sdn. Bhd.'s main business is supplying stationeries, books and office equipment to private and government agencies. The ratio of the business is 40% for government supply, 30% for private companies and another 30% for retail markets. It owns a shop lot at the above address where the first floor is used as an office for the business, and the ground floor is used for retail shop and storage. Lateh Sdn. Bhd. has been in the market for almost 21 years. It has developed a strong and respectable reputation among public and private agencies in Nilai, Seremban and Bangi. The rapid developments in these three areas have boosted its business prospect.

Ownership:

Director's Name	Age	Share
Tuan Haji Azhar Bin Lateh	51 years	60%
Puan Hajjah Sofia Binti Ibrahim	48 years	40%

Directors and Management

The business is mainly managed by Tuan Haji Azhar and Puan Hajjah Sofia who are husband and wife. They are also the major shareholders of the business. Tuan Haji Azhar, who is the CEO of the business, manages mainly the operation, marketing and sales of the business. He has developed a good relationship with public and private agencies in Nilai, Seremban and Bangi. He is very passionate on Lateh Sdn. Bhd. and plans to expand the business growth.

He plans to participate in and leverage on the rapid development in Nilai, Seremban and Bangi. He graduated in Chemical Engineering from Southampton University in 1989. He has several years of experience working with Shell Bhd., British Petroleum, and Petronas Bhd. as an engineer before venturing into the business in 1992.

Puan Hajjah Sofia focuses on the financial and administrative aspects of the business. She handles matters on accounting, employees, delivery and a retail shop. She graduated from *Universiti Malaya* in Bachelor of Economics. She used to be an economics teacher in a secondary school for almost eight years before resigning and began focusing on the business in 2000. The combination between Tuan Haji Azhar and Puan Hajjah Sofia is the main factor contributing to the success of the business.

For the daily operation of the business, Lateh Sdn. Bhd. hired 5 employees. Two of them are in charge for delivery. One deals with record keeping and the other works as an account clerk. Another two serve as general workers while the fifth works as support staff for retail services.

History:

Lateh Sdn. Bhd. was initially established as Partnership Company between Haji Lateh and Hajjah Rogayah who are also parents of Tuan Haji Azhar. During that time, the business was mainly for the public sector. The business was taken over by Tuan Haji Azhar after the retirement of Tuan Haji Lateh and was converted into a private limited company in 1994 soon after Haji Lateh passed away.

The company has developed a strong reputation among private and public agencies in Nilai, Seremban and Bangi. They provided and delivered reliable and excellent services. The history of the relationship between Lateh Sdn. Bhd. and Maju Bank began with the inception of Lateh Enterprise in the business. Tuan Haji Azhar, who took over the business from his late father, continued the relationship until today.

Financial Relationship with Maju Bank Sdn. Bhd.

The company is one of the customers for Maju Bank Berhad. Maju Bank Berhad has been a principal banker until today. Currently, the main facility of the company comprises two shop houses financed with Maju Bank Berhad for 25 years since 1995. The facility will be settled

in less than one year. Based on previous track record, Lateh Sdn. Bhd. has demonstrated a good conduct of the facility. No due payment has been recorded for the past 24 years. The current value of the shop house is RM1,500,000. Besides that, Lateh Sdn. Bhd. is also enjoying overdraft facility of RM50,000 for working capital requirement. Lateh Sdn. Bhd. has been maintaining a current account with Maju Bank Berhad since its inception. The conduct of the account is very active and within the limit. No excess fund and cheque returned have been recorded.

The account was supervised by En. Azizan Zainal (Senior Credit analyst at Seremban Business Centre) for the past ten years. En. Azizan was promoted as business manager and transferred to Cheras Business Centre of Maju Bank Berhad. Amir still remembered the last conversation between him and En. Azizan on his last day at Seremban Business Centre.

“Amir, most likely you as the new analyst will take over all my portfolio of customers. I want you to remember this. In my portfolio, they are a number of good customers. One of them is Lateh Sdn. Bhd.”

New Venture of Lateh Sdn. Bhd.

“Amir, I just want you to be aware of Lateh Sdn. Bhd. It is facing some complications.”

“Is there a problem with the company?”

“No, it is not a problem, but we have to evaluate carefully. For me, Tuan Haji Azhar is a very dedicated businessman. I see how he manages Lateh Sdn. Bhd. from a small business to become as one of the prominent players in Bangi and Seremban. He is very visionary and committed to expand the business” replied En. Azizan.

“Oh, if that is the case, I do not see it is complicated for Lateh Sdn. Bhd.” replied Amir.

En. Azizan added, “The problem started three years earlier (since 2014) when Tuan Haji Azhar decided to venture into oil and gas business. En. Azizan’s background is chemical engineering, and he had many contacts and friends in this area. He also had experience

working with an oil and gas company. He resigned in order to concentrate on the family business”.

Amir replied, “En. Azizan, for me that is an opportunity for Lateh Sdn. Bhd. to venture into a new field. Oil and Gas was a good move as Tn. Haji Azhar had formal education in chemical engineering. He should take advantage of good contacts and relationship in that area”.

“Yes, Amir, I agree with you. For the past two years, Lateh Sdn. Bhd. has developed a good relationship and track record with major oil and gas companies. Lateh Sdn. Bhd. made a great use of its location in which many workers were from Port Dickson, Melaka and Port Klang”.

“I agree with you En. Azizan. I read in the report from 2015 until now Lateh Sdn. Bhd. has successfully undertaken about thirty (30) projects with Petronas, Shell, Petron, Exxon Mobile and Sapura Kenchana worth RM3, 000,000. It was a great achievement of new players such as Lateh Sdn. Bhd.”.

Challenges Ahead for Lateh Sdn. Bhd.

2017 is a great year for Lateh Sdn. Bhd. in which in April 2017 the company received a major contract worth RM4.8 million from Petronas Cari Gali Sdn Bhd. The details of the contract are presented below.

The Project	: Detailed Engineering Design Services of Sump and Drain Modification for Port Dickson Operation (PDO) Pipeline Replacement and Facilities Rejuvenation
Project Detail	: The PDO Pipeline Rejuvenation project involves major pipeline asset replacements and upgrades to existing pipeline facilities to enable proper mitigation/monitoring for internal corrosion arising predominantly from Microbial Influenced Corrosion (MIC) with the objective of safeguarding short term and long term oil and gas production as well as reduce the risk of the pipeline. PDO currently operates a total of 172 pipelines with estimated

		total length of 1477 Km. Most of the PDO pipelines are offshore pipelines except for the terminal pipelines with onshore sections.
Location	:	Port Dickson, Malaysia
Project Duration	:	3 years/36 months
Bank Guarantee Requirement	:	10% of the RM4,800,000.00
Term of Payment	:	RM400, 000.00 quarterly payment based on the progress of the project whereby 12 payments cover all of the cost of contracts. Payment 12 will settle all the outstanding payment.
Expenses/Outflow		<ul style="list-style-type: none"> • Monthly salary: RM60,000 • Monthly Raw material expenses: RM43,333.33 • Initial Machinery expenses: RM1,000,000.00 • Monthly bank charges: RM1667 • Monthly charges for Bank Guarantee: RM1667 • Monthly term financing assumes RM30,000 monthly starting on the second quarter and the final pay amount at last quarter of cash flow. • Consultant fee: RM5000 monthly • Owner willing to put initial capital of RM200,000.00

Report on Oil and Gas Prospect

Oil price review. Brent crude oil prices in 2016 were volatile, trading between the low of USD27.88pb in January to a high of USD55pb in December. The year average is at USD45pb, in-line with our forecasts made in early 2016. Moving forward, we are expecting prices to remain volatile, averaging higher at approximately USD50pb in 2017.

CAPEX expectations from oil majors. In 2016, capital expenditure (CAPEX) for major global oil and gas producers including independent exploration and production companies declined by close to -30%. In 2017 however, the outlook remains rosier as CAPEX is expected to pick up the pace by a humble +2.8%.

Target niche service providers. All is not doom and gloom in the oil and gas sector as opportunities still exist, especially for asset light and niche service providers. We are bullish on two such companies: Deleum Berhad (TP: RM1.25) and Gas Malaysia Berhad (TP: 3.07). We like Deleum for its niche business in the supply of gas turbines and the after sales maintenance, repair and overhaul (MRO) services in addition to the slick line business. As for Gas Malaysia, we continue to favour the incentive based regulation (IBR) regime as it provides earnings stability and also the company's ability to increase its customer base and subsequently the volume sold.

The Requirement

“Assalamualikum, Sir. I am supposed to have a meeting with Mr. Leong but he has an unscheduled meeting at the headquarters office, and he asked me to see Mr. Amir” said Tuan Haji Azhar.

“Walaikumussalam, you are Tuan Haji Azhar, right? I am Amir, a new officer here. I am the officer that will be in charge of Lateh Sdn. Bhd. I am taking over the account from En. Azizan”.

“Alhamdulillah I met you here Mr. Amir. I hope you understand my business situation. I really need financing from Maju Bank for this time. This is such a golden opportunity for my business. I feel so desperate to finance. That is why I also asked the facility from other banks. Since I have been with Maju Bank for almost 20 years, so I hope I can get some advice from you and I do not have to go to other banks”.

“Yes, Tuan Haji, I had looked at your file and had a discussion with En. Azizan before he left. We really appreciate your loyalty with Maju Bank and Insha'Allah I will try my best to help your business. Before that, may I know what the financing requirement of your business is?”

“Ok Mr. Amir, basically it's like this. As you know, in order to accept the work I have to prepare a bank guarantee of RM480, 000. In order to start the new project I have to import plant and machinery worth RM1, 000, 000. Even the machine is quite expensive, but this is considered as a good investment for me as the same machine can be used for future projects. I believe if I can complete this project successfully there should be no problem for me to get

another contract. Other than that, I also need some advance money especially for the first 3 months before I receive the first payment. The advance is important for salary, wages and cost of raw material”.

“Oh! Ok, Tuan Haji, I understand now, but where do you get the raw materials?

“Oh! The majority of the raw material will be imported from Japan, Korea and Germany. But don’t worry. I already have a good relationship with the supplier as I have been in the business for two to three years. Some of them were my classmates during my undergraduate years at Southampton University”

Epilogue

Amir really appreciated the opportunity when he was offered the credit analyst job at Maju Bank Berhad. The first task he received from Mr. Leong regarding Lateh Sdn. Bhd. business financing application extremely challenged his credit management skills. Even though he was only a junior credit analyst, he must show that he was very competent and knowledgeable. Additionally, he was attached to the same department (business banking) where he used to serve during his three months industrial attachment.

Amir looked at his desk top. It was Thursday - the last day he had. Tomorrow he must submit the report to Mr. Leong regarding Lateh Sdn. Bhd. business financing. As it was his first task as a credit analyst, it was important that he produce a high-quality report. Everything plays in his mind. Should Amir recommend for approval? Should he reject the application? If he recommends for approval, how much should the financing be? If he rejects the application, what will happen to the relationship between Maju Bank and Lateh Sdn. Bhd?

Appendix 1: Financial Statement for Lateh Sdn. Bhd.

Lateh Sdn. Bhd.
 7782-7273X
 Profit and Loss Account
 As at 31/12/2016

	RM	RM
Sales		5,000,000.00
Opening Stock	1,109.00	
Purchase	3,000,091.00	
Closing Stock	200,000.00	
Gross Profit		2,801,200.00
		2,198,800.00
Expenses		
Salary/Wages	600,000.00	
Rent	0.00	
Licence and permit	350.00	
Utility bill	10,000.00	
Maintenance	50,000.00	
Business Registration	120.00	
Petrol and Travel	20,000.00	
Telephone	7,305.00	
Audit fee	400.00	
Stationary	9,925.00	
Deprecation	5410.00	
Total expenses		703,510.00
Net profit		1,495,290.00

Lateh Sdn. Bhd.
 7782-7273X
 Balance Sheet
 As at 31/12/2016

Fixed Asset	Cost	Current Depreciation	Accumulated depreciation	Net value
Electrical	12,040.00	1,204.00	3,612.00	8,428.00
Others	6,190.00	619.00	4,952.00	1,238.00
Furniture	7,790.00	779.00	6,232.00	1,558.00
Building	280,800.00	2,808.00	11,232.00	269,568.00
	306,820.00	5,410.00	26,028.00	280,792.00
Current Asset				
Deposit			0.00	
Stock			200,000.00	
Debtors			950,571.00	
Cash at Bank			8,877.00	
Total Current Asset				1,159,394.00
Total Asset				1,440,186.00
Current Liabilities				
Creditors			230,000.00	
Term Financing			131,124.00	
Total Liability				361,124.00
				<u>1,079,062.00</u>
Financed by				
Capital				400,000.00
Retained Profit				679,062.00
				<u>1,079,062.00</u>

Lateh Sdn. Bhd.
7782-7273X
Profit and Loss Account
As at 31/12/2015

	RM	RM
Sales		1,642,437.00
Opening Stock	9,910.00	
Purchase	964,991.00	
	974,901.00	
Closing Stock	1,109.00	
		<u>973,792.00</u>
Gross Profit		668,645.00
Expenses		
Salary/Wages	198,330.00	
Rent	0.00	
License and permit	350.00	
Utility bill	8,274.00	
Maintenance	4,285.00	
Business Registration	120.00	
Petrol and Travel	9,935.00	
Telephone	3,957.00	
Audit fee	400.00	
Stationary	3,092.00	
Deprecation	5,410.00	
		234,153.00
Net profit		<u><u>434,492.00</u></u>

Lateh Sdn. Bhd.
 7782-7273X
 Balance Sheet
 As at 31/12/2015

Fixed Asset	Cost	Current Depreciation	Accumulated Depreciation	Net value
Electrical	12,040.00	1,204.00	2,408.00	9,632.00
Others	6,190.00	619.00	4,333.00	1,857.00
Furniture	7,790.00	779.00	5,453.00	2,337.00
Building	280,800.00	2,808.00	8,424.00	272,376.00
	306,820.00	5,410.00	20,618.00	286,202.00
Current Asset				
Deposit			0.00	
Stock			1,109.00	
Debtors			279,774.00	
Cash			8,847.00	
Bank			91.00	
Total Current Asset				289,821.00
Total Asset				576,023.00
Current Liabilities				
Creditors			0.00	
Term Financing			172,124.00	
Total Liability				172,124.00
				<hr style="border: 0.5px solid black;"/>
				403,899.00
Financed by				
Capital				93,194.00
Retained Profit				434,492.00
Withdrawal				123,787.00
				<hr style="border: 0.5px solid black;"/>
				403,899.00

Lateh Sdn. Bhd.
 7782-7273X
 Profit and Loss Account
 As at 31/12/2014

	RM	RM
Sales		621734.00
Opening Stock	30,112.00	
Purchase	302,880.00	
	332,992.00	
Closing Stock	9,910.00	
Gross Profit		323,082.00
		298,652.00
Expenses		
Salary/Wages	76,500	
Rent	0.00	
License and permit	350.00	
Utility bill	5,268.00	
Maintenance	982.00	
Business Registration	120.00	
Petrol and Travel	3,117.00	
Telephone	1,825.00	
Audit fee	400.00	
Stationary	1,120.00	
Deprecation	5,410.00	
		95,092.00
Net profit		203,560.00

Lateh Sdn. Bhd.
 7782-7273X
 Balance Sheet
 As at 31/12/2014

Fixed Asset	Cost	Current Depreciation	Accumulated depreciation	Net value
Electrical	12,040.00	1,204.00	1,204.00	10,836.00
Others	6,190.00	619.00	3,714.00	2,476.00
Furniture	7,790.00	779.00	4,674.00	3,116.00
Building	280,800.00	2,808.00	5,616.00	275,184.00
	306,820.00	5,410.00	15,208.00	291,612.00
Current Asset				
Deposit			0.00	
Stock			9,910.00	
Debtors			0.00	
Cash			5,281.00	
Bank			515.00	
Total Current Asset				15,706.00
Total Asset				307,318.00
Current Liabilities				
Creditors			0.00	
Term Financing			214,124.00	
Total Liability				214,124.00
				<hr style="width: 100%; border: 0.5px solid black;"/>
				93,194.00
Financed by				
Capital				70,885.00
Retained Profit				203,560.00
Withdrawal				181,251.00
				<hr style="width: 100%; border: 0.5px solid black;"/>
				93,194.00
				<hr style="width: 100%; border: 0.5px solid black;"/>

WHAT'S WRONG WITH THE INTERNET ?

THE NETWORK MANAGEMENT OF UUM WIRELESS NETWORK SERVICES

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INTRODUCTION : THE "IT" PLAYERS

"This year in 2015 is a year that continues to challenge our integrity and dependability in performing the task to improve the delivery system and management system of the university", uttered by Mr. Kamarudin Abdullah as the Director of UUM Information Technology (IT) in his new year's speech to the staff. Mr. Kamarudin Abdullah is the Director of the newly rebranded computer centre in UUM, which is now called UUMIT.

He went on saying to his staff, "I want to share two recipes I've learned that need to be practised by all UUMIT citizens in order to improve our performance and at the same time transform our minds and bodies to survive in this very challenging environment".

Mr. Kamarudin elaborated on his recipes. The first of the recipes is that UUMIT needs to increase efficiency per employee. "We need to complete certain tasks in a shorter period than before. We need to examine our weaknesses, create or join training courses appropriate to increase the competency and our efficiency", he said. Meanwhile for the second recipe, he elaborated that "we need to increase our capacity and ability in order to increase the output of our work. This ability is closely related to the method, manner or process of our work. We must always examine what we do every day and look for ways to increase the production of our centre".

UUMIT is responsible for managing and maintaining the whole network of the university that virtually covers all application systems and the IT Infrastructure. The campus-wide network links all 16 buildings and over 2000 computers in all offices, laboratories, tutorial rooms, and lecture halls. This high-speed ATM fibre optic network is the largest and fastest campus

network in the region. The academic community can access all computing resources in the University from the convenience of their workstations in their own offices and computer laboratories. The resources include a wide variety of software products, printers, library catalogues, and mini computers. In addition, the entire academic community can communicate electronically with one another.

UUM was the first higher education institution in Malaysia to have its own integrated and comprehensive campus network communication using fibre optics called Integrated Sintok Local Area Network (ISLAN). The networking system uses Gigabit Ethernet technology, which was developed in 2000. This Gigabit Ethernet technology uses the Lucent/Avaya Cajun P880, Cajun P882, Cajun P550, and Cajun P580 as the network backbone. The connection to the workstation is done by using Lucent/Avaya P330 with 10/100 Mbs speed.

UUM community received another boost with the link up to Internet, a world-wide information and communications network. The Internet offers electronic mail and file-transfer facilities, and provides access to electronic discussion groups, resource and data archives, databases, bulletin boards, library catalogues, and news articles stored in computers all over the world.

Right now, schools, colleges, and universities throughout the world are implementing powerful network infrastructure solutions to create better learning opportunities, raise learning standards, reduce costs, and improve security. Maximising the performance of their networks, not just individual PCs, these institutions are investing in their network infrastructures from top to bottom, deploying ever-faster, higher-capacity connections for simultaneous voice, video, and data access.

UUM provides 24/7 Internet access for over 28,000 students and 6,000 staff members in every university offices, academic buildings, student residential halls, and almost 90% of campus area is provided with WIFI connections. Moreover, the campus is linked to the Internet through the Internet Service Provider. Every college in UUM is incorporated with distributed multilayer switches which connect to a couple of core switches in UUMIT. UUMIT comprises varying high efficiency network devices including servers, firewall, controllers, multilayer switches, and routers. In addition, the availability of numerous wireless hotspots throughout the campus is another aspect of the fast-paced ICT development

which UUM has embraced. All registered students of UUM are provided with a personal email account.

One of the main issues faced by the UUMIT is basically related to network management problems. This is due to the challenge of providing quality wireless services to the students and staff. Going back to history, apart from ISLAN being the backbone of UUMIT, it had also setup a wireless network infrastructure called the UUMZone. To date, UUM have upgraded its wireless network infrastructure from UUMZone to UUMWiFi however this case will only concentrate on the issues related to the deployment of UUMZone.

The functions of UUMZone were to provide wireless services and hot spots throughout the UUM campus area, especially for accessing emails and e-learning applications such as LearningZone. As time went by, the demand on UUMZone was overwhelming to UUMIT. They did not expect such a high demand and usage of the wi-fi services. As a provider of IT services, UUMIT kept updating its Internet services. However, Web 2.0 applications are growing rapidly. In addition, the extensive usage of these applications consumes high bandwidth, leading to network congestion and performance degradation. Of course, educational institutions and IT departments are always expected to do more with less—that is a given. Fewer people to manage more equipment with tighter timelines and lower budgets—these are all serious challenges to the effective operation of a network infrastructure.

Regardless of the real cause of poor application performance, the first thing a network manager hears is “the network is slow.” That is certainly the default assumption of end users. The only thing that really matters is managing the network and the impact on the users. Regardless of how sophisticated a network resource is, if the user community finds it slow or unreliable, then no amount of technical arguments will be able to counter this complaint.

Therefore, the Director of UUMIT, Mr. Kamarudin assigned the network team headed by Mr. Khalil to begin investigating the issues related to UUMZone. Mr Khalil and his network administrators have the task to search for the solutions in order for its wireless network services to perform to its optimal peak performance.

THE NEW FACE: FROM COMPUTER CENTRE TO UUMIT

Universiti Utara Malaysia was established on 16 February 1984 under the Universiti Utara Malaysia 1984 Order (Statutory). The university was corporatised on 23 April 1998. The university is located in Sintok, Kedah and was established with the specific mission of providing a leadership role for management education in the country. Thus, the university is also known as a management university. Part of the managements' vision is to have the best computer centre in the region.

The UUM Computer Centre, now known as UUMIT, was officially established on 1 March 1988, as a result of the university computing programme that began simultaneously with the establishment of UUM. UUMIT provides a comprehensive computer and network infrastructure to support teaching, learning, and research activities at the university. It also supports the university's administration, which was developed and managed the university's information system. UUMIT is also a catalyst for the development of information technology on campus and in the northern region of Malaysia. Its main component is a campus-wide network connecting all schools, administrative buildings, and centres, as well as providing microcomputers to the campus.

UUMIT is a dedicated group of information technology professionals working collaboratively with the campus community to advance the university's mission. It is located in the UUM main campus (Sintok) with facilities and support staff distributed all over the campus. Its motto is to "We Make IT Better" by delivering information technology services that are safe and secure to support research, learning, teaching, administration, and student life. UUMIT delivers IT as a service and integrates superior information technology infrastructure across all applications, data, network, and devices 24 hours a day, 365 days a year. Addressing the technology needs of today's campus community is becoming increasingly challenging, as users expect to have wireless access to all resources, anytime and anywhere, from any device. These challenges require new IT strategies and UUMIT is continuously working together with the campus community to advance the university's mission via IT innovation.

Vision of UUMIT

To make UUM the best campus in Information Technology.

Mission of UUMIT

To provide innovative IT services to enhance performance of students, faculty and staffs of UUM.

Objectives of UUMIT

The objectives result from the appreciation of the vision and mission of UUMIT, which are to:

- Make UUM a leading and top organization in this region in ICT management in a creative and innovative way.
- Place UUM to a level of excellence and competitive with other organizations within and outside the country
- Create a complete and conducive ICT environment for facilities:
 - Teaching, learning, research and administration, and
 - Cooperation, smart partnerships, consulting, services and dissemination of information.
- Making ICT as a catalyst for improving the quality, effectiveness and productivity through excellent ICT management

Services (Teaching and Learning) of UUMIT

Below are the different types of services provided to the students and staff members. The services are given free of charge and maintained by the administrators from UUMIT. The services that are provided by UUMIT are as follows:

1. Learning Zone

Learning Zone is UUM's learning management system (LMS) based on Moodle, which was developed from a learning-centric perspective rather than a technical administrative

perspective. Learning Zone enables lecturers to enhance their students' learning by providing an online environment to distribute materials and encourage collaboration and interaction both within and outside the classroom. It provides a range of functionalities to allow for content creation and delivery, communication, collaboration, and assessment.

2. MyLab

“On Demand” access to applications via the Internet.

3. MyBox - Web-based File Storage System

This is a web-based file storage system available to academic staff which allows users to upload, store, access, retrieve, and share files via the Internet using only a web browser.

4. Video Conferencing

Video conferencing allows the connection of one or more people at separate locations via a sound and video link. It can be used both for one-to-one discussions or larger group meetings. Video conferencing is suitable for small meetings and presentations, lectures, and seminars. It can offer large savings in time and travel costs, and allows people to be connected to other in remote locations. Video conferencing can help in managing students' and colleague's times more efficiently by not being restricted by a person's location.

Information Systems of UUMIT

There are many different types of information systems that are developed to accommodate the collection, organisation, storage, and communication of information in the university. The information systems are aimed to support operations, management, and decision making in relation to the university's missions and visions. There are two types of information systems in UUM, which are:

1. University Management Information System (UMIS)

- PERSIS (Personnel Information System)
- IFAS (Integrated Financial and Accounting System)
- GAIS (Graduate Academic Information System)
- CLIMAS (Clinic Management System)
- SAIS (Student Affair Information System)
- PBU (University Continuous Learning System)
- eQUIP (Library Information System)

2. Other Support Systems

- MyIdea (UUM Community Idea System)
- LeCas (Lecture Attendance System)
- Ecevas (Electronic Course Evaluation System)
- Enomination (Academic Post Nomination System)
- IPMO (Institutional Project Management Office)
- ePOST (In Out Letter System)
- SECURIS (Security Department System)

Organisational Chart

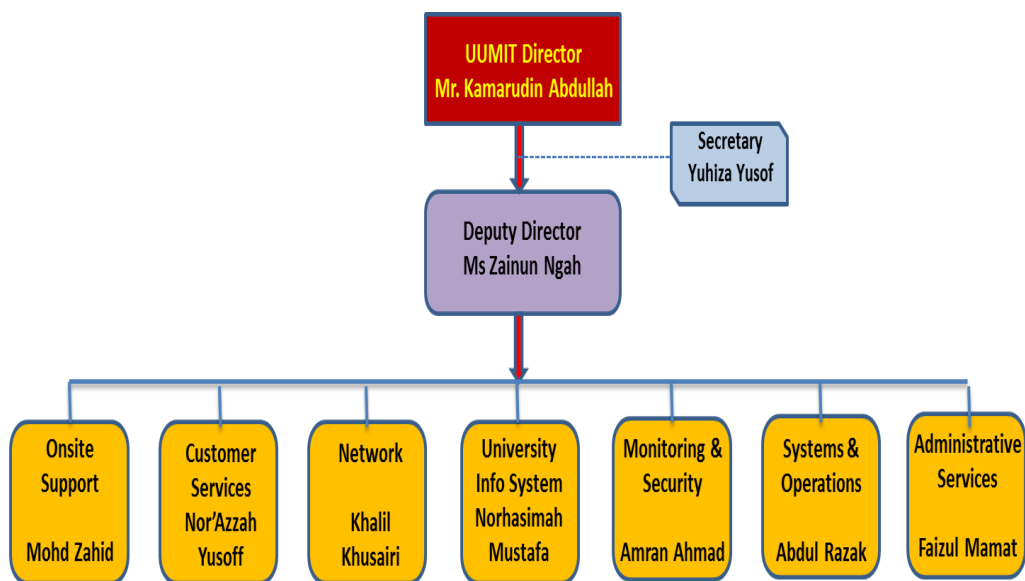


Figure 1.0: UUMIT organisational chart.

DEPLOYING HIGH DENSITY WI-FI TO RESIDENTIAL HALLS: “IT” FOR YOU

As a fully residential university, Universiti Utara Malaysia provides accommodation for over 28,000 students placed within 15 on-campus residential halls. This includes a residential hall for student with families. Many of these halls were named after multinational companies. The student residential halls (known as DPP) are: DPP Malaysian Airlines (MAS), DPP Tradewinds, DPP Tenaga Nasional Berhad (TNB), DPP PROTON, DPP EON, DPP Telekom Malaysia (TM), DPP Petronas, DPP Malaysia International Shipping Corporation (MISC), DPP Bank Simpanan Nasional (BSN), DPP Sime Darby, DPP Bank Muamalat, DPP Yayasan Al-Bukhari (YAB), DPP SME Bank, DPP Bank Rakyat, and DPP Maybank (for students with families), plus Taman Siswa located off-campus in Jitra for students with families.

These DPPs are placed accordingly into four zones in UUM known as Route A, B, C, and D. The table below shows the position of DPPs in these zones.

Table 1.0: Names of Residential Halls Based on Routes

Route	Student Residential Halls (DPPs)
A	MAS
	TNB
	Tradewinds
	PROTON
B	Petronas
	EON
	Sime Darby
	TM
	BSN
	MISC
C (Aseania)	Bank Muamalat
	YAB
D (Bukit Kachi)	Bank Rakyat
	SME Bank

Each DPPs in Routes A and B have between six and eight blocks and can accommodate a total of between 700 to 1000 students. DPPs Bank Muamalat and YAB in route C each have two blocks where each block can accommodate up to 1500 students. The latest two DPPs located at Bukit Kachi are DPPs Bank Rakyat and SME Bank, both of which have eight blocks each with a capacity of 2216 students for each DPP.

The management of the wireless network for the DPPs are given to two parties, which are R&D SerindIT and UUMIT. R&D SerindIT which is a UUM subsidiary IT company located in Napoh, is given the task to manage the DPPs in Route A (Tradewinds, TNB, PROTON,

and MAS) and Route B (Petronas, EON, Sime Darby, TM, MISC, and BSN), while DPPs in Route C and D are under the management service of UUMIT which uses UUMZone.

R&D SerindIT has a mission to provide the blanket wi-fi coverage to UUM, with the motto of “mobile Internet for everyone”. The company provides superior wi-fi performance within the coverage zone despite providing a much wider coverage area to the DPPs. Every day, more than 10,000 students enjoy the wi-fi facility. In order to cater to the traffic on the wireless network infrastructure, R&D SerindIT uses equipment and technologies such as Altai A2N WiFi AP, Altai A3 WiFi AP, Altai A8 Super WiFi Base Station, Wireless Controller, and Altai AWMS for its management system.

R&D SerindIT utilises outdoor wireless APs which had issues with buildings that had a closed structure, compared to open space building design. This caused users to have issues with the wi-fi signal.

Despite the access to the Internet via a wireless network being available to students all the time, students often complain about how difficult it was for them to use these facilities.

UUM IT: WE MAKE “IT” BETTER

Mr. Kamarudin as the Director of UUMIT knew that the time had come. All the warning signs for a network upgrade were glaringly apparent. “Data transfers were slow, and as students, faculty, and staff brought more wireless devices to campus, the 10-year-old network and UUMZone lacked the coverage the stakeholders needed”, Kamarudin said.

The complaints piled up. Kamarudin added, “students and the faculty continued to ask why the Internet and network is slow, and they had trouble streaming video ... we also had more demands for increased network performance from the administrative side”.

As the Head of Network in UUMIT, Mr. Khalil admitted that as IT staff watched the technology rapidly evolve, it became clear that the network serving UUM’s over 28,000 students and 6,000 staff members would need an upgrade. “Technology is pervasive in everything we do,” Khalil said, and added that “it is an enabler of teaching, learning and research, and with all the mobile devices people use today, we knew we had to ensure that the network was sufficiently robust”.

Wireless Network Login

One of the complaints made by students and staff of UUM was that everyone is required to login using the web or captive portal with the Service Set Identifier (SSID) of UUMZone. SSID is referred to as a “network name”, which allows users to connect to the desired network when multiple independent networks operate in the same physical area. Ironically, a captive portal is a one-to-one connection between devices to access points. A captive portal is a special login web page that is shown before using the Internet. So every time a user moves from one location to another, they are required to re-login again to the wi-fi system.

A captive portal is designed to authenticate students before they can access the web over a wi-fi connection. When a user connects to the wireless network, they do not have access to the Internet, even though their device thinks it does. Every webpage request is redirected to a login page, which alerts the user that the security certificate is not trusted, and only after a user logs into this system would they have access to the Internet. This happens every time, day, and for every device, when students enter every building, forcing a username and password to be entered multiple times per day. If the student or staff member saves the password in a browser, it is only saved for one building, because the login page URL is specific to each building. Because of this, applications such as email are unable to work continuously throughout the day. Many students and staff opt to disable their cell phone wi-fi when on campus so that they do not have to login every time. While some of them are able to buy mobile data plans, others see this as a financial hardship.

Furthermore, one of the drawbacks of a captive portal is that it disturbs the user’s experience when a web browser must be loaded every time before the Internet can be used, because each device has to be authenticated to use the services. Since the authentication is web based, the users need to have a web browser on their devices. While requiring a web browser on clients’ devices is a disadvantage of captive portals, for some of them it is necessary for web browser to be run in the background all the time to keep the connection alive, since they rely on the scripts to keep track of the connection. This creates difficulties to keep the connection alive on some platforms, e.g., Portable Digital Assistants (PDAs).

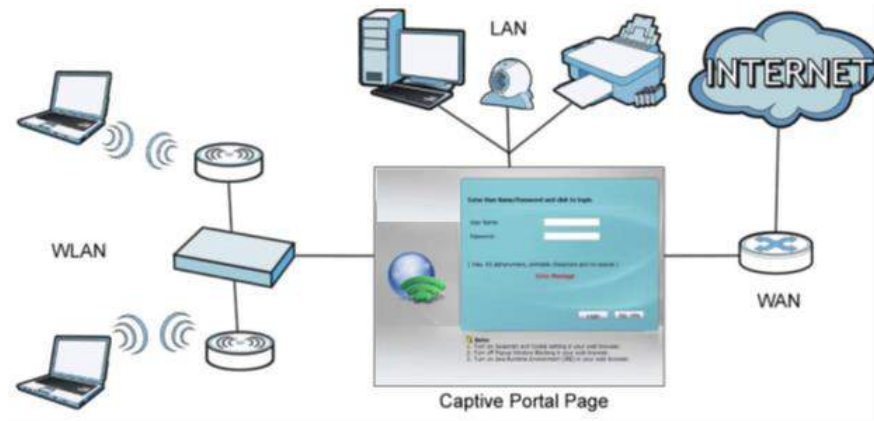


Figure 2.0. The wireless network architecture using captive portal.

Wireless Network Security

Nowadays, Internet access is very important to students and staff in order to carry out their tasks and to obtain any desired information from around the world. The Internet has developed rapidly from being as a tool to retrieve information to being a platform for social interactions. Many of the students and staff access their Internet through wireless access. A wireless access, such as UUMZone is one of the exact solutions being applied at the time. Network security is necessary to maintain the rights of the wireless access users, and security is one of the most important priorities in any network today. Security can be applied by the users or providers of the communication services themselves because the security vulnerability could originate from anywhere and at any time.

Moreover, many students and staff are being protected with a security mechanism every time they access the Internet. This security mechanism is very subjective and intangible in terms of its measurements. However, it can be seen by looking at what the security infrastructure mechanisms are put into place. It is an authorised system, which depends on how strong the user's password is. Authorisation is the function of specifying access rights to resources related to information security and computer security in general, and to access control in particular. As mentioned previously, the captive portal often presents a login page for authorisation purposes. This is done by intercepting most packets, regardless of address or port, until the user opens a browser and tries to access the web. After the users have been authorised, they will be redirected back to the last point they requested. If the AP has a problem, the connection to the next AP is not directly handed-over, so a new authorisation

process, i.e., the authorisation web page, must be opened and complied to in order to have renew the Internet connection.

Another issue in this security management is the encryption between user devices to AP, which is very critical in whatever transaction occurs between them. As mentioned above, the captive portal has a weak encryption mechanism, which is Wired Equivalent Privacy (WEP)—the first-generation security technique firstly used in wi-fi security. WEP is known to be very susceptible to guessing. At the same time, the captive portal is not secured by a secure socket layer, and this can lead to the worst case scenario where the username and password can easily be captured by hackers.

Moreover, the unsigned certificate used for the login page which prompts the user to trust a possibly fake certificate is a huge security flaw. Anyone could set up a fake wireless network called “UUMZone” and redirect users to a login page which would look identical to the official login page. This is called a “man in the middle” attack.

Wireless Network Performance

In the meantime, the performance of UUMZone is affected due to the increase of additional mobile and tablet devices in UUM, and this has led to slow wireless connections. Users often complain about the Internet being slow every time when they are accessing the Internet. “Oh ... the Internet is crawling all the time ... I wish they could increase the speed a bit” are often expressed by many frustrated users especially during the semester when assignments are due. Sometimes, many users are inconsiderate when they are only surfing the Internet, updating their social network, watching movies, and downloading huge files.

UUMZone wireless network allows everyone to experience the power of the Internet but during certain times, since the connections may be heavily used. When there is a lot of traffic on the UUM Network especially UUMZone, users temporarily will experience certain periods when Internet connection is denied or it is difficult to login. Typically, during the peak hours, the average usage reaches almost 18,500 devices. With the various types of devices connecting to the Internet, it is important to understand how various devices can promptly connect to the internet. Therefore, the UUMIT network team that provides the service needs to comprehensively manage the performance of the network and wireless

infrastructure. It is important that network administrators be aware of and has a handle on the different types of traffic that is traversing their networks.

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Teaching Case

Making the Switch from Learningzone to UUM Online Learning

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Introduction: Universiti Utara Malaysia's Learning Management System

A Learning Management System (LMS) was developed for UUM lecturers and students as a complement to the existing conventional teaching and learning methods. UUM Online Learning was the third LMS used by Universiti Utara Malaysia (UUM) to perform all teaching and learning activities through web applications. The first LMS introduced in UUM was the Learning Care which was a third party software that incurred high maintenance costs. Consequently, it was instantly replaced by an inhouse developed LMS, known as Learningzone, in July 2009. The transition time from the Learning Care to Learningzone took approximately TWO (2) semesters from July 2009 until Januari 2010 before the Learning Care was fully replaced.

The Learningzone enabled teaching and learning materials to be uploaded and shared among students and other lecturers. It also provided the mechanism of interactive chats in forums, quizzes, surveys, assignments submissions and students grading. Refer to Figure 1 for a snapshot of the Learningzone system main page.

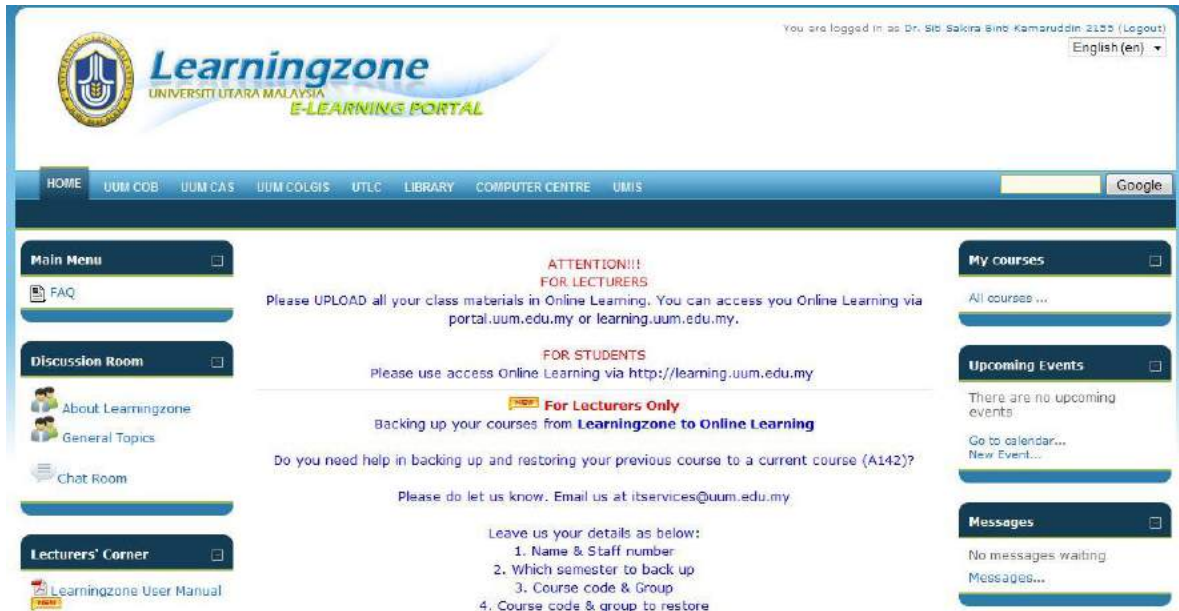


Figure 1: Snapshot of the Learningzone

UUM had a center called UUM Information Technology (UUMIT), which was responsible in developing and maintaining all IT related systems in the campus including the Learningzone and UUM Online Learning.

UUM Information Technology (UUMIT)

UUM Information Technology (UUMIT), previously known as UUM Computer Centre was located in the UUM main campus, Sintok. It was established in 1988 to provide ICT services and management to the University. UUMIT was headed by a Director, Mr. Kamarudin Abdullah with nearly 150 UUMIT employees across several divisions. Figure 2 shows the organization chart of UUMIT.

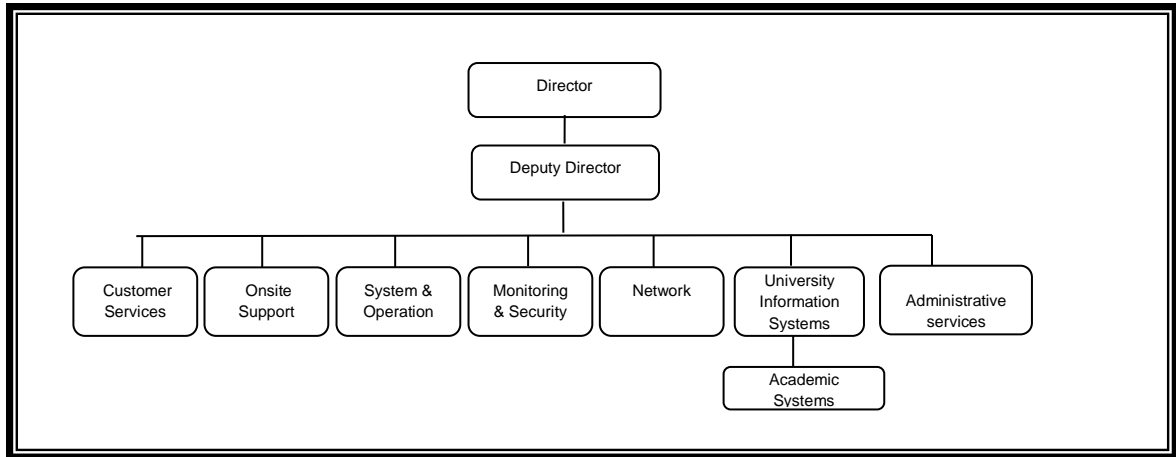


Figure 2 : UUMIT Organization Chart

The main role of UUMIT was to provide safe and secure core computing and network services in UUM. This was in accordance to its mission; “to provide complete and latest Information and Communication Technology (ICT) facilities and infrastructures readily available for use and fully functional to drive teaching and learning as well as research and management”.

UUMIT was responsible for all ICT services in UUM including inhouse development of various application systems such as Administrative Systems, Academic Systems, Email and Calendering, Mobile Software and Hardware and Web Publishing. Other services offered by UUMIT were Network and Connectivity as well as Storage and Back Ups.

Since its establishment, UUMIT had accomplished a number of ICT related projects. Among such projects were the upgrading of the Online TV and CCTV and the establishment of IPV6 in UUM. At that point of time, UUM was the first local university that managed to installed the IPV6. In terms of security issues, UUMIT had obtained the ISO27001:2007 Information Security Management System (ISMS) certificate by implementing a Single Sign On (SSO) facility to enable users to access the services in a more secure manner. It had also achieved 100% internet coverage of 4GBps bandwith as stipulated in the UUM strategic plan (2011-2015). Other achievements included the Student Lounge in the student residential area, Mobile apps, pilot Outcome Based Education (OBE) project, BETTA system and E-dashboard.

As an IT department of a Higher Learning Institute, the core service of UUMIT was to provide an excellent teaching and learning environment. Therefore, UUMIT had always focused its efforts on the development and maintenance of academic related systems such as the UUM Online Learning, Outcome Based Evaluation (OBE), and Course Evaluation System (e-CEVAS). The three LMS introduced by UUMIT to facilitate teaching and learning in UUM were Learning Care, Learningzone and UUM Online Learning.

Switching from Learningzone to UUM Online Learning

Organizations operated in a rapidly changing business and technical environment. In order to stay competitive and sustain their operations, organizations should give high priority on the implementation and usage computer based information system. Therefore, decisions had to be made regarding the usefulness of the current systems in the organizations. If the current systems were no longer meet the organizations' requirements, they need to be upgraded or replaced.

Directives from Management

In early January 2014, Mr. Kamarudin Abdullah also known as Mr. Kamak, the newly appointed director of the Universiti Utara Malaysia (UUM) computer center (UUMIT), had just received a phone call from the director of University Teaching and Learning Center (UTLC), Assoc. Prof. Dr. Ahmad Jelani Rahim. Dr. Ahmad Jelani explained to Mr. Kamak that one of the UTLC strategies was to adhere to the Malaysian Government's Education Blueprint in enhancing the e-learning infrastructure in UUM. He requested Mr. Kamak to assess whether the existing Learning Management System (LMS) was adequate to achieve the government's education objectives. Otherwise, UUMIT must take necessary actions to ensure that the LMS was able to achieve the government's education objectives. Dr. Ahmad Jelani gave UUMIT a strict deadline by the next semester, September 2014, to make sure that the LMS is up to the par.

Following the phone call, Mr. Kamak contacted the Head of Academic System unit of UUMIT, Ms Nor Asiah who was responsible of managing the LMS in UUM.

“Ring! Ring! Ring! Ring!”

Ms. Nor Asiah: “Hello, Nor Asiah speaking.”

Mr. Kamak: “Hello, Nor Asiah. This is Mr Kamak. I need to talk to you about our LMS.”

Ms. Nor Asiah: “Yes, Boss. Is there anything particular that you need to talk about our LMS?”

Mr. Kamak: “Yes, I just got a phone call from the Director of UTLC. He relayed an urgent message for us to assess the current LMS in order to determine whether the system meets the government’s education objectives or not. If not, we have to come up with solutions to make sure that the LMS is adequate to meet the government’s objectives. I need a full report on this and I need it as soon as possible.”

Ms. Nor Asiah: “Okay Boss! But can you give me a few days to come up with the report? I need to call up my staffs for a meeting and prepare the report for you.”

Mr.Kamak: “Sure, you have a week!”

Ms. Nor Asiah: “If that is the case, we will try our best to provide the report to you, Boss!”

Mr. Kamak: “Oh, yes! Before I forget, the report must also consist of the review on the performance of the existing LMS, and..... on the sustainability of LMS and the need for improvement.”

Ms. Nor Asiah: “Noted, Boss.”

Mr. Kamak: “Thank you Nor Asiah.”

Ms. Nor Asiah: “You are welcome.”

Without wasting any more time, Ms. Nor Asiah quickly gathered her team and started to plan for action. With her pleasant personality, dedication and commitment to her work, Ms. Nor Asiah had earned the respect of her colleagues to lead the Academic System Unit. Following the directives given by Mr Kamak, Ms Nor Asiah then sorted a few strategies to make sure all the tasks assigned to her will be done effectively and efficiently. One of the strategies identified by her team was to gather users' complaints recorded at the UUMIT Help Desk unit. It was crucial to gather all the complaints received in order to get a clear picture on the possible shortcomings of the Learningzone. One of the complaints recorded was from a lecturer who expressed his frustration on using the quiz functionality of the Learningzone.

UUMIT staff: "Hello, UUMIT Help Desk, this is Sheera speaking."

Dr. Danial: "Hello..... This is Dr. Danial from School of Quantitative Sciences."

UUMIT staff: "Yes Dr. Danial, How can I help you?"

Dr. Danial: "I am soooooo..... frustrated with the Learningzone!!!!!!"

UUMIT staff started to panic and quickly asked Dr. Danial.

UUMIT staff: "What seems to be the problem Dr. Danial?"

Dr. Danial: "Wait!!! Let me finish!!!..... This morning I had administered an Online Quiz for my students in the Lab. However the timer for the quiz was blocking the questions and my students were not able to see the questions. I ended up replacing the online quiz with manual paper based quiz. If this continues, hmmmmmm....It's better to discontinue using the Learningzone!!!!"

UUMIT staff: "We are so sorry to hear this Dr. Danial, We will proceed to rectify this issue as soon as we can. Thank you for informing us."

The above conversation was an example of the few complaints received by the UUMIT Help Desk unit. Even though the complaints were small in number, to improve the quality of the LMS, the team decided to use a survey to quickly gather information on the ease of use of the Learningzone. The team also found some technical problems regarding the use of the current open source software of LMS that need to be adhered urgently. The team concluded that the Learningzone need to be upgraded in order to achieve the government's education objectives.

The need to switch

After a week time given by Mr. Kamak, Ms Nor Asiah had presented the report of their finding as requested earlier by Mr. Kamak. Based on the findings gathered by Ms. Nor Asiah and her team, Mr. Kamak had requested Ms. Nor Asiah and her team to get a new solution for the current Learningzone at the soonest. He was concerned with the fact that the Learningzone was still using the Moodle 1.9 version. This old version of Moodle was no longer supported by Moodle. There will be no new patches release for the 1.9 version. Ms. Nor Asiah was aware of the problems that they might be facing such as lack of support from Moodle if they did not switch the Learningzone to a better version of LMS. Being the person responsible for the Learningzone, Ms. Nor Asiah realized that there were limited activities and resources that can be implemented in the Learningzone which did not really support the online teaching and learning. Moreover, the interface of the Learningzone was not user friendly especially for lecturers in terms of uploading files and creating Question Banks for Quizzes.

Ms. Nor Asiah and her team, Mr Soleh and 3 other UUMIT staffs, put their full effort in finding a new solution for the Learningzone. The task needed to be done fast. The issue here was how to come up with a new solution in a situation where there were limited budget allocated for software upgrades in UUM. Eventually, after initiating a series of fruitful discussions, the team decided to maintain the use of Moodle. Therefore, the free version of the Moodle Open Source Software was used for the time being. This was at least until they can come out with a better and cost effective solution for another LMS. However, the upgrading of the current version (version 1.9) to the latest free version of Moodle, version 2.7, was inevitable because they must make sure to keep abreast with the advancements of technology. This was vital so that they will not be left behind when there was no support for the older versions. There was quite a lot of work to be done to migrate to the new LMS due to the fact that the database structure of the new LMS was quite different from the Learningzone. Nevertheless, Ms. Nor Asiah had faith in her team to make the changes achievable.

Apart from being continuously supported with new patches released, Moodle 2.7 had similar features as the previous version but better in terms of its functions. The user interface of the new

LMS was also easier to use as compared to the older version of the Learningzone. Now, Ms. Nor Asiah and her team were certain to upgrade to a new version of LMS using Moodle version 2.7. Ms. Nor Asiah then presented the idea to Mr. Kamak for approval to carry on with the development of the new LMS. Mr. Kamak suggested that the UUM new LMS should be renamed to a catchier name, hence, it was named UUM Online Learning.

Development of UUM Online Learning

As with any information system development task, the development of the new LMS went through the usual system analysis and design steps. One of the most essential steps prior to any development was to gather user requirements for the new system. A requirement is a statement of what the system must do or what characteristics it must have.

Requirement Gathering

Ms. Nor Asiah had to work closely with the owner of LMS, which was the University Teaching and Learning Centre (UTLC). UTLC was responsible for the E-learning adoption in UUM. Ms. Nor Asiah was well aware of the importance of working closely with the owner of the system in getting the right requirements. In order to facilitate the process of determining the functionalities that need to be implemented in the UUM Online Learning, UTLC had appointed two (2) E-Learning Champions (ELCs) from each of the twenty (20) schools in UUM. Besides providing the user requirements, the ELCs also helped to specify the inputs on the LMS user interface.

Ms Nor Asiah was aware that user interface is important because it acts as a platform which allows users interaction with a system. Thus, getting the right requirements for the user interface design of UUM Online Learning was crucial. In order to meet the users' requirements, Ms. Nor Asiah and her team must ensure that the user interface adhered to the user interface design principles such as the screen layout, content awareness, user experience, aesthetic, consistency as well as minimizing the users' effort in using the system. Considering the time limitation that they had, both the user interface and system requirements were gathered simultaneously.

Being an experienced system analyst, Ms Nor Asiah followed the guidelines on the requirement gathering techniques that started with investigating the current LMS. By conducting the

investigation, Ms. Nor Asiah and her team had the opportunity to understand the functionalities of the current system that might be useful for the new one. In addition, various problems and limitations of the current system were identified besides providing additional functionalities for the new system. Ms Nor Asiah's team utilized several requirement gathering techniques such as interviews, observation and surveys in order to achieve the right and complete users' requirements. In order to obtain comprehensive system requirements, the source must include all types of users for the UUM Online Learning. Therefore, apart from relying on the ELCs, Ms Nor Asiah decided to monitor the complaints made by the lecturers and students who were also the Learningzone's users. The complaints, usually made through phone calls or over the Help Desk counter in the UUMIT office, were very subjective especially those related to the access speed of the Learningzone. Since the complaints were too subjective and there were almost no direct feedback from the students regarding the Learningzone, Ms. Nor Asiah needed to strategize the process of getting information.

One of the strategies used by Ms Asiah and her team in determining the related problems of Learningzone usage was to review the students' online survey responses in July 2013. The team also detected the usage percentage of Learningzone by tracing the login and current hits. From the survey, it was revealed that most of the complaints were related to the access time. The access time referred to the time delay or latency between a request to an electronic system, and the access being completed or the time taken to return the requested data. The problem of delay had lead the UUMIT to upgrade its Wi-Fi system.

Based on the requirements gathered, Ms. Nor Asiah and her team needed to proceed with the development of the UUM Online Learning as quickly as possible. This was due to the urgency of the release target which was on the first semester that started on September 2014. In early 2015, the new LMS, UUM Online Learning, was launched. Most of the functions were similar to the Learningzone except on some additional functionalities. Among the added functionalities were back-up and restore functions of previous semesters teaching and learning materials, integration with other UUM systems such as Echo360, Turnitin and MyBox, and upload functions for learning objects in accordance to SCORM/AICC standards. Refer to Figure 3 for a snapshot of the UUM Online Learning System main page.



Figure 3: Snapshot of the UUM Online Learning

Did we get the requirements right?

Due to the urgency of the new LMS which needed to be operationalized by the first semester of the 2014/2015 session, the transition process was done in an ad-hoc manner. As the only development team, Ms. Nor Asiah and her colleagues managed to start the project in early September 2014 and had completed the project in December 2014 by putting their best effort to make sure the integration process of the new LMS was successful. Finally, they did it!

However, parts of the integration process, the student and course enrolment, were outsourced to a third party, Sybase.

UUMIT had taken the initiatives to introduce the new LMS, UUM Online Learning, to the lecturers. The team along with UTLC had chosen the lecturers from School of Computing (SOC) for the first exposure to UUM Online Learning before the second semester of the 2014/2015

session begins. The rationale for choosing the SOC lecturers was due to their proficiency in the use of Information Technology (IT) and computer based information systems. In ensuring that the UUM Online Learning will be used in teaching and learning, restrictions of other teaching and learning methods had been imposed to the lecture halls located at the SOC building, which was the DKG 4. The full pledge of the UUM Online Learning was completely done by the beginning of first semester of the 2015/2016 session.

Implementation

After the implementation of the UUM Online Learning, UUMIT had been receiving complaints regarding the new LMS from its users. In order for the users of the UUM Online learning to make complaints or ask for assistance, UUMIT had offered three alternative convenient mediums: Online complaints, Hotline and Walk-in.

Most of the complaints made by the users were only related to the hardware, nothing related to software. The complaints regarding the hardware usually happened during night times when there were 100 concurrent users especially when students stayed in their hostels. When such complaints were received, other than figuring the causes of the problems, the UUMIT personnel had to also look thoroughly on their hardware specifications.

Is the Changes Substantial Enough?

Apart from receiving complaints related to hardware, a new survey was carried out in 2016 among all stakeholders of the UUM Online Learning System that focused on user's acceptance of the new LMS. The purpose of the survey was to 1) get users' point of views of the new system and 2) study the factors that affect the acceptance of the UUM Online Learning among lecturers and students. The questionnaire instruments contained five sections namely; the perceived usefulness of the system, the behavioral intention to use, the perceived usage complexity, the perceived ease of use and the reasons not to use the system. The sampling strategy for the lecturers were based on stratified sampling which include professors, associate professors, senior lecturers, lecturers and visiting lecturers categorized according to UUM colleges. The samples of students were determined by their year of study, the program they enrolled in (IT and non IT students).

What did the lecturers say?

Twenty eight lecturers responded to the distributed questionnaire. Approximately 80% of the lecturers had more than two years' experience of using LMS. The overall acceptance of the new LMS among the lecturers seemed positive. All lecturers that participated in the survey were currently using the new LMS and they had no complaints regarding the usefulness of the UUM Online Learning. For the questions that asked whether they will always try to use the UUM Online Learning to perform their tasks, none of the lecturers gave a negative response.

Despite the positive responses regarding the perceived usefulness and behavioral intention on using the UUM Online Learning, when they were questioned on the user interface aspects of the system, the responses depicted a few variations. Figure 4 shows three pie charts of the lecturers' responses.

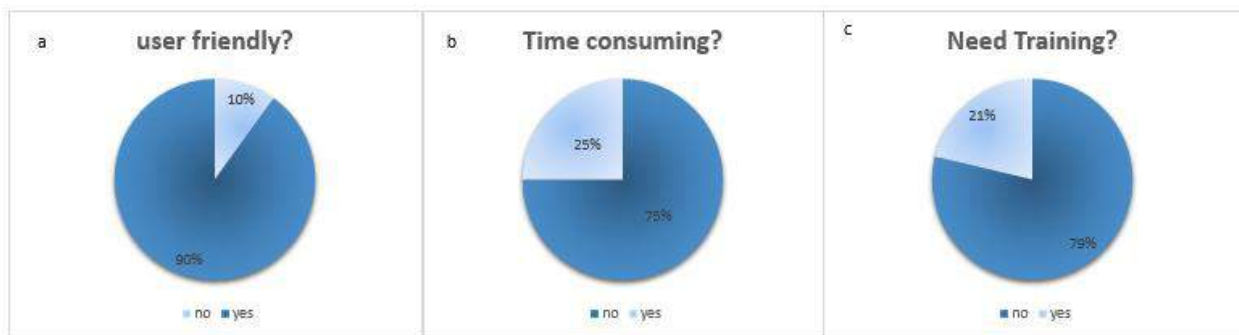


Figure 4: Pie charts depicting lecturer's response on user friendliness, time consuming and the need of training

In Figure 4a, when asked about the system's perceived ease of use, some (percentage???) respondents perceived that the system was not user friendly, whilst an average of 10% of the respondents answered negatively on this issue. As shown in Figure 4b, 25% of the lecturers expressed that the tasks performed using the UUM Online Learning took too much time and the integration of tasks was difficult. In addition, the LMS was vulnerable of breakdowns and loss of data.

In terms of training, as shown in Figure 4c, 21.4% of the lecturers mentioned that they needed more trainings related to the use of all the functionalities of the new LMS. Regarding to the usage problems, they argued that the accessibility factors such as facilities and network

performance were the main reasons that hindered them from fully utilizing the new LMS especially when administering concurrent online tasks such as quizzes.

What did the students say?

There were 251 students participated in the survey comprising of various programs offered in UUM. Twenty four percent of the students were enrolled in Information Technology program (IT students). The survey revealed differences of opinion among the IT and non-IT students. Figure 5 shows the bar graph of the students’ opinions.

However, regarding the perceived usefulness of the UUM Online Learning, there was no significant difference between the non-IT and IT students where approximately only 3.7% of the students responded negatively to the usefulness of the UUM Online Learning. In terms of the intention to use, 9% of the non-IT students responded that they are reluctant to use the new LMS. As shown in Figure 5a, only 3% of both IT and non-IT students responded negatively as opposed to the lecturers’ responses for the questions on perceived ease of use.



Figure 5: Bar graphs depicting student's opinion on user friendliness, time consuming and the need of training

In terms of perceived complexity of using the UUM Online Learning, there was a significant difference between IT and non-IT students whereby their responds were 3% and 19% respectively as shown in Figure 5b. This indicated that the IT student felt that the UUM Online Learning was taking too much of their time when performing many tasks, difficult for tasks integration and was vulnerable of breakdowns and loss of data. In terms of training (Figure 5c), 13% of both the IT and non-IT students agreed that they need training on the functionalities of the UUM Online Learning.

Conclusion

Even though the switch from the Learningzone to UUM Online Learning experienced various difficulties with user acceptance problems and complaints, the new UUM's LMS is currently fully operational and now used by all students and lecturers. The organization had improved its system on a timely manner to meet its changing business and technological requirements. As with any organization, coping with changes is the best policy.

Generation Gap at D Beach Resort

Case Study

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Introduction

Tourism is the most alluring and the quickest developing industry on the planet. As indicated by the World Travel and Tourism Council (WTTC), tourism in 2005 ended up being the second biggest industry, represented 3.8 for each penny of worldwide Gross Domestic Product - GDP (Rosli and Azhar, 2007). Its advancement has been advanced by governments in both created and creating nations.

In Malaysia, the underlying exertion on tourism advancement could be back dated to around three decades prior with the facilitating of the primary Pacific Asian Tourism Association (PATA) Conference in 1972, trailed by the second PATA Conference in 1987. In this way, a more genuine exertion began with the starting of the Visit Malaysia Year (VYM) Campaign in 1990 and took after by the State Visit Year (SVY). Because of different limited time endeavors actualized by the legislature from that point forward, the tourism area has contributed astoundingly to the economy. The share of tourism income in the official record of the Malaysian adjusts of installments expanded consistently from 32.7 per cent in 2000 to 43.per cent in 2005. By 2010, add up to traveler receipts are relied upon to achieve RM59.4 billion contrasted with RM31.0 billion out of 2005 (Malaysia, 2006). This incredible figure legitimizes Malaysia and some other creating nations for advancing tourism on the desire that this division would add to their monetary advancement. In a more extensive point of view, tourism has an immediate effect not just on monetary advancement as contended by Hall (1995), yet in addition on social, ethical and environmental development of a destination country (Mbaiwa, 2003). Its effect on private company improvement attracts much consideration the writing, as well (Othman and Rosli, 2011).

Small organizations overwhelm the tourism and hospitality industry worldwide and are of basic significance for the intensity of goals. Family hotels organizations are described by various particular business forms which produce specific preparing and instructive needs. It is progressively certain that independent companies are not scaled down forms of bigger ones,

but rather they have diverse structures, priorities and strategic goals (Othman and Rosli, 2011; Peters and Buhalis, 2004)

Family companies show a moderately low development rate, contrasted with non-family firms. They regularly confront normal administration and development issues that call for particular preparing territories, for example, progression or refereeing issues (Duh, 2000). Besides, family firms have specific needs and structures that regularly mirror the way of life that the family needs to take after, as opposed to balanced business standards (Othman and Rosli, 2011; Peters and Buhalis, 2004)

Family business definitions concentrate on factors, for example, ownership participation or risk assumption. More extensive definitions likewise incorporate social parts of entrepreneurial life. Wherever family frameworks unequivocally associate with the entrepreneurial level of the endeavor framework, the venture demonstrates a privately-owned company character. This infers the advancement of a privately-owned company relies upon three elements, namely: the entrepreneurs' family, ownership, and enterprise system (Othman and Rosli, 2011; Peters and Buhalis, 2004).

Island Tourism in Malaysia

Malaysia has been invested with a substantial number of islands both in West (Peninsular) and East (Sabah and Sarawak) Malaysia. Among the numerous islands in West Malaysia, the island that has turned into a noteworthy fascination for both local and foreigners visitors are the Langkawi Island in the province of Kedah. The island is situated on the west bank of Peninsular Malaysia.

Langkawi Island

The Langkawi Island (briefly Langkawi) is an archipelago of 99 islands in the Andaman Sea, at the northern most parts of the Straits of Malacca. It is around 30 km off the mainland coast of Kuala (Kedah) and nearly 20 km off Kuala (Perlis). It is additionally nearby Satun at the Thai borders. Langkawi is a district with a parliament situate under the territory of Kedah.

The current populations of about 50,000, with the majority of total share (90 percent) possessing the principle island, notwithstanding a more modest number involving the Tuba, Dayang Bunting and Rebak Besar Islands. Langkawi is effortlessly available by ferry from Kuala Perlis and Kuala Kedah. Every day ferries serve between the two areas of around one hour intervals, from 7.00 am to 7.00 pm. crossing through the ferry would take around one hour from Kuala Kedah and around 45 minutes from Kuala Perlis. Langkawi is additionally associated by ferry administrations to Satun (Thailand). Likewise, Langkawi is outfitted with a worldwide air terminal, thus it is associated via air from Kuala Lumpur International Airport (KLIA) and Low Cost Communications Terminal (LCCT), Sepang, Singapore and Bangkok. There are additionally every day ferries running amongst Langkawi and the Marine Park of the Payar Island. With an aggregate land zone of 204 sq. miles (528 sq. km) Langkawi is considerably greater than Penang (233 sq. km) however marginally littler than Singapore (595 sq. km). Langkawi has been a free-obligation island since 1987. Subsequently, looking for nothing obligation merchandise has been the fundamental fascination particularly among the Malaysians. All regions inside the principle island are effortlessly available by streets, and are likewise associated with other littler islands by little vessels.

As of late (on 1st June 2007), three particular territories of the island – to be specific, the Dayang Bunting Island, Gunung Mat Cincang and Kilim, were gazetted by UNESCO as the Langkawi Geopark. Like numerous different islands in the nation, vacationer landings in Langkawi are liable to regularity. The pinnacle seasons are fundamentally amid the school and open occasions and bubbly seasons. The best time frame which matches with dry, sweltering and quiet climate is between the long stretches of January to June of every year. The periods of July to November may be influenced by a mellow rainstorm, accordingly causing harsh ocean conditions, albeit still available by ships. In numerous angles, Langkawi is no match to the next three islands in the examination. There are a few world class lodgings other than the two fairways of universal measures. Major problem areas for voyagers incorporate, Crocodile Farm, Telaga Tujuh (Seven Wells), Cable Car, Eagle Sanctuary, Underwater World (the world's biggest aquarium), Giant Eagle Statute, Tasik Dayang Bunting, Beringin Waterfalls, Tapak Beras Terbakar, Makam Mahsuri (Langkawi Legend), Langkawi Maritime and Air demonstrate – LIMA (a half-yearly occasion), and Le-Tour Langkawi (yearly universal cycling occasion). For the individuals who like sun-washing and swimming, Langkawi has a ton of normally fine shorelines to offer – Pantai Tengah, Pantai Teluk Baru, Pantai Rhu, Pasir Tengkorak, Datai Bay, Burau Bay and Pantai Kok.

Epilogue

Diversity at the workplace has become one of the important issues in today's organization. It can be seen in terms of different ages, genders, academic backgrounds, races so on and so forth.

Even though diversity is said to bring a lot of benefits to the organization, but if it is being looked from different angle, we will be able to see some of its drawbacks. It is common to see conflict that arises between individuals within the organization due to their different backgrounds, ideas, personalities, cultures, education so on and so forth. Conflict could be good to the organization if it happens in an amicable manner in which it ends up with a consensus from parties involve. However, there is a negative conflict that is dominated by the elements of emotional and hostility between the parties involved in which at the end it would be a detriment to the organization.

Specifically in terms of age, employees' ages in typical organization range between 18 to 65 years old. It is common that people categorise ages into three different generations namely Baby Boomers (born 1946 to 1964), Generation X (born 1965 to 1976) and Millennials or Gen Y (born 1984 to 2001). The other two generations that is Gen Z, iGen, or Centennials (born 1996 and later) and Traditionalists or Silent Generation (born 1945 and before), are not relevant to any organizational behavior issues as the most of the Gen Z individuals have yet to join the workforce , while people from Silent Generation are no longer with the organization (if they used to work before).

Generally individuals from different generations (between Baby Boomer, Gen X and Gen Y) possess diferent characteristics or behaviors. In the organizaton this diversity of employees' characteristics has somehow resulted in another problem that is the way they perform their respective role and responsibility is incongruence. The following subsections elaborate the distinction between Baby Boomer and Gen Y, and between Gen X and Gen Y.

Baby Boomer versus Gen Y

Several views have been given pertaining to the Baby Boomer generation. For example, Kogan (2001), characterises this generation as being optimistic, team oriented, and willing to go the extra mile at the workplace. Besides that, on many occasions they are considered as workaholics and competitive to the point that their personal lives are identified by the work they do. Lyon et al., (2005), suggest that individuals from this group of age tend to work from the standpoint of emotion and intuition rather than reason. As for Generation Y, people under this category also love to work and do not see a difference between work and life. They have no problem to work at any time and in any place (Stevenson, 2008).

Baby Boomers have been said to focus on traditional work model in which from this model we can see the elements of dedication and hard work. In contrast, Generation Y is known to place high importance on autonomy and work-life balance (Smola and Sutton, 2002; Zemke et al., 2000). Thus, what can be said at this point is that both of the generations have the same attribute in working hard in their life but it is different on how they are working.

Baby Boomers also possess good and communication skills and thus as stated by Lyon et al., (2005), they are often looked upon as mentors in the organization because of their interpersonal skills. On the other hand, Generation Y enjoys the social aspect of the job and getting to know their co-workers. They also enjoy meeting frequently and appreciate constructive feedback from their superiors or colleagues frequently (Solomon, 2008). Thus, both of them seem to have their own attributes that would benefit their organizations as they come from different era.

Additionally, Glass, (2007) stated that Baby boomers highly value face-to-face communication, and have no problem getting up to walk to another office location to ask a colleague a question. However, the millennials, favour instant messaging, text messaging and e-mails. Many of them are more comfortable and at ease sending a quick e-mail or other digital message, than having a face-to-face conversation or picking up the telephone. Millennials are the first workplace generation to be digital natives. They grew up with these technologies in abundance, and new ones being developed regularly. Unlike older generations, they are unafraid of new technologies and are often what marketers would call “first adapters” in which the first to try, buy, and spread the word about cool new gadgets or technologies. The millennials’ comfort level with e-mail, however, can also be the source of workplace conflict. It is not always the best mode for conducting business especially situations where conflict is in the air or bad news needs to be shared. Over reliance on e-mail also does not allow younger workers to develop more personal relationships with colleagues, managers, direct reports, and also the clients? The style of communication between Baby Boomers and Millennials are different and leads to the conflict at the workplace in which the employers should be able to manage it well.

In a research by Glass, (2007), it has been found that the Boomers require little feedback to do their jobs well unlike the millennials in which they like and expect a constant feedback. They feel more at ease and able to do the job right when given a very detail-oriented instructions. Over 60 percent of Millennials want to hear from their managers at least once a day (Orrell 2009). The Millennials love to get feedback on what they been doing and it makes a conflict at workplace between these two generations. As parents of the Millennials would love to give feedback to them since at young age, it has been their habits at their workplace too. The conflict will arise when the supervisor from the Baby Boomer monitoring and supervised the Millennials with least supervision.

According to a research by Wong, et al. (2008) that studies about the differences between Baby Boomers, Generation Y and Generation X in motivational drivers at workplace has found that Generation Y tended to be more motivated by career progression and advancement than Baby Boomers. This is because the Baby Boomers are likely to be coming towards the end of their career and therefore opportunities for advancement no longer act as a motivator for them. Thus, the employer should notice the motivational drivers of their employees not only based on generations differences but also on their current position.

Based on the value of work, it is found in a research by Cennamo, L. (2014) that Baby Boomers reported better fit for extrinsic work values (such as pay and benefits) and status than the younger groups. Given their career stage, Boomers may receive higher salaries, more benefits and higher status than the younger employees, thus reporting they are more fit on extrinsic work values. Younger employees may rate pay and status highly but due to their career stage they are unlikely to be receiving these as quickly as anticipated (Riordan et al., 2003).

Baby Boomers love to communicate face-to-face whereas Generation Y preferred to communicate using email and any other technology tools. Baby Boomers unable to accept the way of Generation Y working. Generation Y preferred to use the technology during the working day for personal use and a desire to work away from the office (Pentilla, 2009). This leads to conflict between these two different generations.

Gen X versus Gen Y

According to O'Bannon (2001), Generation X are more loyal to their employers and find value in longevity while Generation Y considers entrepreneurship and diversity in career paths as ideal goals. Generation Y was found that they are lacking of loyalty towards their employers, and are prone to taking risks, which may allow them to job-hop frequently (Gale, 2007). Durkin (2008) and Hira (2007) also note that they are far less loyal to their employers rather than Generation X. One common reason for leaving the firm is that even though they have strong aspirations for job growth and success, they are not fully engaged. They feel they must leave one position for another to achieve this potential. Referring to the loyalty of workers among these two generations, Generation X was founded more loyal to the employers rather than Generation Y.

According to Lyon et al. (2005), Generation X people prefer working in organizations that are not very hierarchical in structure and are eager to add value to the organizations. They bring a realistic and practical approach to solving problems. On the other hand, Generation Y is more likely to challenge the status quo or question a process or procedure at their employment if they are uncomfortable with a decision. They are often referred as the "why" generation and do not hesitate to voice concerns and opinions. They do not blindly conform to organization standards. It can be understand that Generation X value their organization and do their best to add value to it and Generation Y is good in voice out if any misunderstanding or problems exists in the organization.

Lyon et al. (2005) also stated that Generation X is well versed with technology thereby allowing them to learn, think, and communicate using technology. Generation Y is characterized as technical, adaptable, and learner centred (Deal, 2007; Dobbs et al., 2007). They have had exposure to or owned a computer at a young age, have had experience utilizing the internet, and understand that they can find any information in seconds (Generation Y: the millennial, 2006). As most of them own a computer (Junco and Mastrodicasa, 2007), they tend to be comfortable with technology, open to new ideas, and are visual learners (Lyon et al., 2005). This idea was supported with a research by Auby (2008) in which the study found that Generation Y is more comfortable with technology rather than Generation X. A study by Barnikel (2005) notes that Generation Y is the first generation in which Internet consumption is exceeding television consumption. Based on these points of view, it can be concluded that Generation Y is more familiar when it is related to technology.

A research by Kogan (2001) found that the generation's X parents have had a high divorce rate due to inability to balance work and family life; therefore, Generation X people tend to or want to enjoy life after work in order to maintain work-life balance. However, Generation Y do not see a difference between work and life, hence willing to work at any time and in any place. An unintended consequence of this approach is that Generation Y lacks skills in proper etiquette of dining, communication, and dress (Stevenson, 2008). Jean, M. And Stacy, M. (2008) found that millennial love to work on job that provides a rich and fulfilling experience. They valued the job when they can feel the fulfillment. Both of the generations have different view of how to balance their work and life.

According to Chen and Choi (2008), generation X were born in a poverty family and raised during economic instability. The society was unfriendly to them when they were children. Generation Y then raised by an active parents and when they were sheltered with explosions of child safety rules and devices which protect them. This parental environment leads to how their personality itself.

Zemke et al. (1999) found that the slogan "work to live and they don't live to work" is to describe the Generation X. They do not want to get spiritually in touch with their job and just want to be comfortable at work. On the other hand, in the study by Eisner (2005) found that Generation Y value their work on meeting personal goals while making a lot of money tends to be less important to them than contributing to society, parenting well and enjoying a full balanced life.

These two generations have the same point of views on the value of work. For Generation X, they love personal growth and skill development rather than improving in job titles. They desired on opportunities for satisfying their accomplishment (Eiser, 2005). According to Pooley (2005), Generation Y enjoys challenges and also desired for growth and recognition. At the same time, they do not expected to stay at the same position for a long time. Both of these generations motivated by the intrinsic value

This case study reveals the important issue among the generations inside the organizations, and it gives some spotlight on conflict there. The management should be familiar of these issues of conflict because these issues can destroy any effect to develop the organizations. The other essential issues that our students should know before graduation about that conflict and how it is affect their performance and ultimately their careers inside those organizations.

When students be known about these problems, they can know how to deal with managemnt in conflict and be aware of their actions as well.

Albukhary Foundation As A Role Model In Implementing Islamic Social Responsibility

Al-Hasan Al-Aidaros

Farah Zakiah Mohd Fathi

Amirul Faiz Osman

INTRODUCTION

Despite Syed Mokhtar Albukhary being the richest Malay businessman in Malaysia today, his past experience of poverty gave him the understanding for the hardship of the poor and the needy people in the society. Due to his passion to help others, he established Albukhary Foundation in 1996. The foundation translates the founder's gratitude to Allah S.W.T for all the blessings and fortune that he has. Albukhary Foundation has expanded overtime with expansion of Albukhary global business empire. Today, although the foundation is based in Malaysia, its initiatives and projects are in almost 50 countries spanning across five continents. With the goal of building a better world through several social welfare, education and cultural projects, the foundation has spent more than RM1.6 Billion. For over 20 years since its inception, the foundation has improved the life of the poor and the needy across the globe. According to the founder, his foundation is not based on the western concept of corporate social responsibility; but it is an Islamic social responsibility which is purely based on *Taqwa* and *Ehsan* values. This is a practical example that can be emulated by other Muslim businesses and companies.

As the gap between rich and the poor widen in many societies, adoption of such foundation practices by Muslim companies and businesses based on the Islamic social responsibility could help improve on the social welfare of the people. If other companies are doing similar activities, the gap will be reduced and societies will be more sustainable. Such practice should be appreciated and taught to students and entrepreneurs in order to make them think on how they can improve on the welfare of others. To the researchers' best of knowledge, there is hardly any previous case studies of companies that implement the concept of Islamic social responsibility. For that reason, the researchers believe that such practice will make a better future for individuals, companies, and government. When companies' owners practicing such concept by helping others for *Rabbani* (divine) reason, it will make them happy (as they are doing it

sincerely for the sake of Allah which will result in getting reward in the Hereafter) and the society will live with harmony regardless of the economic inequality. In addition, when needy individuals get more financial support from companies (by practicing the Islamic social responsibility), it is expected to be appreciated by the government as it supports its efforts to help its citizens. Therefore, this case is aimed to explore such practice through a practical example (via Albukhary Foundation as a role model) in implementing the concept of Islamic social responsibility.

ALBUKHARY FOUNDATION FLAGSHIP PROGRAMS:

Albukhary Foundation was established in March 1996 as a charity body which helped the poor, supported the development of Islamic art and culture as well as promoting understanding between civilizations. Among the main objectives, Albukhary Foundation is encouraging the Islamic brotherhood. The foundation comprises of two parts. One part, the exercise of charity works while the other part manages the distribution of funds from every company in which the founder has interest in. There are eight programs that run in Albukhary Foundation which are (1) Albukhary Scholarship Program, (2) Albukhary Tuition Program, (3) Hajj Pilgrimage Program, (4) Khidmat Van Jenazah Albukhary Care, (5) Rohingya Education Center, (6) The Read Program, (7) Turkey Albukhary Culture and Language Camp 2016 and (8) Language & Management Trainee. Details about the said programs are presented next.

1. ALBUKHARY SCHOLARSHIP PROGRAM

Progressive leadership development in some Muslim countries is bottlenecked by the lack of quality tertiary education and the deteriorating state of poverty that some of the Muslim communities in those countries wallow in. It is against this backdrop that Albukhary Foundation, in 2005, with a mission to attenuate these challenges, setup a scholarship program that provides brilliant high school students with qualitative tertiary education that equips them with the necessary skills to become responsible future leaders who will contribute towards the betterment of their respective countries. This program has given students scholarships to study at Albukhary International University (AiU), located in Alor Setar/Kedah-Malaysia, or in other universities (mainly government and private universities in Malaysia). This scholarship program has

benefitted more than 800 students from fifty countries, spanning countries in the far east of Africa to countries in the Asian continent. These trained international students constitute 70 percent of the beneficiaries of the Foundation's scholarship program while the rest are comprised of Malaysians. Furthermore, 90 percent of the total beneficiaries are Muslims and the rest are non-Muslims.

To reflect the concept of Islamic social responsibility, the foundation, via this program, tries its best to contribute to socio-economic development of the society, i.e. especially poor societies. Producing highly qualified (with ethical values) helps improving the overall well-being of a society. In addition, the foundation's sponsored students are encouraged to do community services, during their time of study, with the hope that, after graduation, they will continue do community services (in any capacity they can) and give back to their society without always asking for return. This will enhance and increase the bond of brotherhood and sisterhood among all society members. This program looks at volunteerism and leadership as two sides of the same coin. Because of that, voluntary service is embodied as part of the leadership trait that should be achieved through this program.

This program is one example of the founder's noble initiatives to help those who cannot afford to pay for tuition fee. Embarking on the educational emancipation, especially Muslims who lack the financial means, is a noble objective that resonates with the Islamic ethics, which consequently influences the corporate social responsibility of a Foundation like Albukhary. Islamic scholars have consistently emphasized that Islam is a religion that holds knowledge to a very high degree primarily because of two reasons: (i) Allah commanded the prophet to read, thus implicitly instructing he and his nation to engage in all manifestations of "read", and (ii) one of the *Maqasid Shari'ah* (objectives of the Islamic law) is *Hifdh-al-'Aql* (preservation of the intellect) which requires the act of learning or seeking knowledge to fulfill it. It is evident that the essence of the tertiary scholarship program of Albukhary Foundation is to facilitate the learning and educational requirements of the two aforementioned religious obligations for individuals incapable of affording them. This is buttressed by various prophetic narrations in which the prophet enjoined or recommended assistance to the poor. Examples are: "Spend on others and I (Allah) will spend on you" (Bukhari and Muslim). "The one who looks after and

works for widow and for a poor person, is like a warrior fighting for Allah's cause or like a person who fasts during the day and prays all night." (Bukhari).

2. ALBUKHARY TUITION PROGRAM

With similar objective, to the previous program, in tackling educational challenges for underprivileged individuals, this program is focusing on Malaysian school students. It was initiated to avoid future social problems that may face those who are not doing well in school. The declining number of secondary school students, from poor rural backgrounds, passing their final year examinations, has initiated a collaboration with the Ministry of Education to form the Albukhary Tuition Program. Specifically designed to accommodate students described as 'underachievers' or 'borderline' in the English, Mathematics and Science subjects, the tuition program aims to particularly educate, motivate and tap into students full potential through remedial classes held daily after school.

The exponential success seen through the years 2001 to 2009 has led to a rapid network of 500 tuition centers that educates and benefits over 80,000 students spanning across the country. This program can be seen as a translation of the command of the Prophet Muhammed to his followers in achieving *Ehsan* (compassion and perfection). He said: "Allah loves if any of you is given a task, he/she does it in the most excellent way" (Tabarani,901; Al-Siyouti, 5232). Similarly, Al-Quran asks Muslims to perform their duties in their best capacity as the Quranic verse reads: "Allah commands you to follow *A'del* (justice), *Ehsan* (compassion and perfection), and help/give your relatives" (Al-Quran, 16:90). To reflect the foundation's value of *Ehsan* (compassion and perfection), this program is not only to provide students with the basics in the said courses but aims to achieve the highest level of understanding among targeted students for these subjects. As a result, the collaboration looks for a comprehensive approach to providing the best possible outcomes. The comprehensive structure of the tuition program, has repeatedly ensured results in the national examination are well above the national average with students achieving distinctions and credits becoming the norm. Most gratifyingly, was the students whom once faced exponential uncertainty, now have the capabilities and eligibility to attend colleges, universities and increased career opportunities.

3. HAJJ PILGRIMAGE PROGRAM

Launched in 1996, the Hajj Pilgrimage program is among the earliest initiatives of Albukhary Foundation. It collaborated with Pilgrims Fund Board of Malaysia, the Prime Minister's Department, Muslim Welfare Organization of Malaysia and Orang Asli Affair Department, with the mission to sponsor underprivileged Muslims to perform the religious pilgrimage to Makkah in Saudi Arabia. As of 2015, 897 of them have benefited from this program.

This program reflects the *Taqawa* (piety) value that looks for the hereafter reward only. It shows the Islamic motivation of the foundation in helping the Muslim society. Unlike the foundation other programs, this program has no worldly motivation as performing Hajj is to fulfill a purely religious duty, i.e. the fifth pillar of Islam. It is arguable that performing Hajj is compulsory only for those who have the financial ability, and therefore, the foundation does not have to help underprivileged Malaysian Muslims to perform Hajj (but better to give them the basic needs for their daily expenses). On the other hand, helping a Muslim to perform *Wajib* (compulsory), such as performing hajj, is better than helping him/her to perform *Mustahab* (encouraged), such as seeking perfection in the education system (Al-Qaradawi, 1998). To many Muslims, performing Hajj is like a dream comes true. The feelings of happiness and gratitude can be clearly seen by number of Muslims who were sponsored by the foundation.

4. KHIDMAT VAN JENAZAH ALBUKHARY CARE

The launch of the first stage started in Kedah state as a scheme of funeral van services for Malaysians who are in need (whether they live in urban and rural areas) and especially for those who are unable to afford the cost. This scheme is available for both young and old citizens. Such scheme was necessary as this kind of services are costly. This scheme targeted those who have migrated to the state, federal or capital city for better economic opportunity and have since taken up residence. It also emphasized on underprivileged urban areas with large focus of local migrants largely in state capital. It meant to fulfill the request of the dead people to be sent back to their hometown throughout Peninsular Malaysia.

This program reflects the *Taqawa* (piety) and also *Ta'awun* (helping each other) value that not only looks for the hereafter but also for the present life as it eases the financial burden on the dead person's family. Helping the underprivileged Muslims, who had salary below RM 1,500, has helped them to ease their affairs in the current life for the preparation of the hereafter. In addition, Allah ordered His servants who believe that mutual help and cooperation, with the condition must be on the basis of truth and piety, and do not allow them to help one another and cooperate in matters of illegal and violation as the Quranic verse reads: "And help one another in the (working) righteousness and piety, and do not help one another in sin and transgression" (Al-Quran, 5:2).

5. ROHINGYA EDUCATION CENTRE

Rohingya Education Centre (REC) was established in 2010 in Pulau Pinang with a total of 115 students followed by the second branch in Selangor by 2012 with a total of 500 students and the third branch is in Kuantan, Pahang with a total of 120 enrolled students as of May 2015. REC is a collaboration that includes the foundation, United Nations High Commissioner for Refugees (UNHCR), and Future Global Network (FGN). The main purpose of the program is to provide education to children displaced Rohingya Muslims and those who live around Pahang. Their status as children of refugees who migrated from oppression and cruelty in their own country caused them to be without any valid travel documents to enable them to enroll and study in government-aided schools in Malaysia. REC goal is to alleviate poverty through education by providing quality, basic education to the targeted group. REC started as a platform for the foundation to deliver basic education for the children especially in the refugee community. Rohingya children have good potential in education for their upcoming future because they are encourage to excel in the studies and continue their education at the local institutions. This program helped the children to restore their rights, dignity and religion.

This centre reflects the Islamic values of *Ehsan* (compassion) and *Ikram* (respect). The Quran asks Muslims to give all kind of needed support to individuals who are known to be vulnerable, i.e. women, orphans, children, refugees and the needy regardless of their faith or religion. Allah S.W.T says: "All those who are in dire straits, particularly children, should be treated compassionately both in word and deed" (Al-Quran, 2:83). Education for refugee children is

recognized as a universal human right but not all refugees have access to formal education. The absence of education among refugee children became a handicap for them as they grow up. It inhibits their opportunity to better life style, creating a possible second generation of an illiterate and unskilled community.

6. THE READ PROGRAM

In order to encourage reading habit in the society, there is a need to start from the beginning especially during adolescent. Albukhary Foundation has introduced the Read Program with the aim of becoming a successful national program. In the first stage, this program held concurrently in three regions situated in Kedah, Pahang and Malacca as initial projects. The program focused on the primary school students' with ages between 7 and 11 years old and it is held once a week. There are two sessions in a year with 12 classes for each cycle. It comprises four stages for the whole program, they are Alphabet Level, Words Level, Paragraph Level and Storytelling Level. Read Program is a nationwide kick start to encourage reading habits among Malaysian students in their primary school with the goals to enhance their English proficiency by improving their ability to read in English, understand the materials as a whole, and increase the confidence level to communicate in the English language. Read Alor Star and Muadzam Shah, Pahang have effectively accomplished their initial project objectives, whereas Read Malacca is still in progress as an on-going project. With the accomplishment of two initial programs, 74% of 38 participants from Alor Star and 78% of 38 participants from Muadzam Shah, Pahang successfully moved to the next level. The Read Program involved with the staffs and the volunteers, through the foundation, as mentors for the students who participate with this program. The mentor engaged with the participants by facilitating and guiding them throughout the learning process. First, the mentor will read out which will be followed with reading together with the students, and lastly the participants will read out loud in groups (each group consists of five participants).

The program is a translation of the Islamic principles of seeking knowledge (through reading) and *A'del* (justice) and equality. The program emphasized on acquiring knowledge, wisdom and skills which are important for every person to carry out his/her duties. The Quran treats knowledge as a mean to reach *Iman* (faith) for all Muslims, males and females, to becoming true

believers. This is demonstrated in the Quranic verses “Read In the name of your Lord who has created (all that exists). He has created man from a clot (a piece of thick coagulated blood). Read! And your Lord is the Most Generous. Who has taught (the writing) by the pen. He has taught man that which he knew not.” (Al Quran, 96:1-5). By providing this program, the foundation managed to achieve *A'del* and equality by making everyone in the society able to read and seek knowledge. This will result in achieving social and economic development, for the wellbeing of the community, as well as to ensure social harmony, freedom and human rights.

7. Turkey Albukhary Culture and Language Camp 2016

Turkey Albukhary Culture and Language Camp 2016 (TALC Camp 2016) was initiated and sponsored personally by the founder to strengthen the existing good relationship between Malaysia and Turkey. TALC2016 was a short course hosted at Albukhary International University in Alor Star/Kedah which emphasized on English Language proficiency. The foundation welcomed 204 talented and prudently selected Turkish students whom had displayed either great academic achievements or through certified recommendations. Many of them are seen as future leaders of Turkey through their involvement in activities at their respective institutions both inside and outside the classroom. The course consisted of an intensive Academic English Course of 30 hours per week in form of classes which was accompanied by an extra program on cultural exchange between Malaysia and Turkey. The course was designed to accommodate four separate competency levels such as elementary, pre-intermediate, intermediate and upper intermediate. The English language content for each level was designed to provide structured and progressive development in all skills, namely reading, listening, writing and speaking. To develop greater fluency and accuracy in the productive skills of speaking and writing, IELTS framework syllabus was adopted with the inclusion of specific tasks throughout the course relating to topics on the culture similarities and differences between Malaysia and Turkey. Weekly individual and group presentations were linked to their weekend activities. This enabled them to relate their vocabularies to real life experiences, consequently enhanced their confidence.

Islamically, this course can be seen as a form of *Ehsan* (compassion and perfection). Indeed, Allah commands justice, good conduct (*Ehsan*), and giving to relatives, (and He) forbids immorality, bad conduct, and oppression. He admonishes you that perhaps you will be reminded (Al-Quran, 16: 90). Astonished knowledge contributions were given by teachers, staff and volunteers involved in the course. They provided information about Malaysia and at the same time learned about Turkish customs. Curiosity and an adventurous attitude witnessed participating in events and community engagement events that enabled them to really know the Malaysian culture. In addition, the course showed a practical example of the concept of brotherhood in Islam as people (regardless of their differences such as color, language, culture, and country) should practice such value. Allah S.W.T says: “Hold firmly to the rope of Allah all together and do not become divided. Remember the favor of Allah upon you, when you were enemies and he brought your hearts together and you became brothers by his favor” (Al-Quran. 3:103). The interaction between the students and the volunteers of the course represented the brotherhood behavior in Islam as a comprehensive concept that is based upon good character with others. The concept of brotherhood is really applied in this program where Muslims from two countries are collaborating in one program to enclose the solidarity between two nations. The concept of brotherhood requires Muslim to be nice, passionate, and kind (which reflects the *Ehsan* concept) to other fellow Muslim in facing financial or any social difficulties. The Prophet Muhammad (PBUH) said: “you won’t be considered a believer until you love for your brother as for what you love for yourself” (Bukhary and Muslim).

8. LANGUAGE & MANAGEMENT TRAINEE PROGRAM (LAMT)

The LAMT program was jointly sponsored by three main parties: TÜRGEV, Albukhary Foundation and MENTAL HR Consultancy. LAMT was an international skills enhancement program that emphasized on English language proficiency and career readiness. The program was further combined with professional skills in business management, talent development and application of information technology at the workplace in order to boost employability. The program was held in Albukhary International University, Kedah, Malaysia.

Achieving *Ehsan* (compassion and perfection) through this program is very clear as it provided the participants with necessary skills (rather than giving donations in form of money) and then

offered them jobs. It helped them to be productive in their society. Allah S.W.T prescribed *Ehsan* in everything Muslims should do. He says: “Nay, whoever submits his whole self to Allah and is a doer of *Ehsan* good he will get his reward with his Lord; on such shall be no fear, nor shall they grieve.” (Al-Quran, 2:112). The sponsorship covered all expenses such as fees for project management training, human resources training, and executive assistant training, return flight and ground transportation, accommodation, meals, medical and personal accident insurance and external examination fee. It helped the successful candidates in achieving the objective of the program without worrying about any financial burden.

CONCLUSIONS

The concept of Islamic social responsibility, in light of Al-Quran and Hadith, suggests that there seems to be congruence between the ideals of social responsibility and justice and business transactions in Islam that has a resonance with prevailing notions of corporate social responsibility (CSR). This perspective on social justice and responsibility lays the foundation for the study of Islamic understandings and practice of corporate social responsibility whereas the concept of CSR in western understanding differ from the Islamic understanding which beyond the quest to maximize corporate profits, corporate organizations play a crucial role in solving society's problems.

The concept of brotherhood and social justice give rise to social responsibility and makes Muslims responsible to each other. The main objective of Islamic social responsibility is to promote social justice (*A'del*) which results in attainment of *Al-Falah* (success in this life and in Hereafter). The concept of brotherhood substantiates that Muslim to be considerate, compassion, and kind (*Ehsan*) to other fellow brother in facing financial difficulty. The founder is a practical example of implementing good Islamic corporate social responsibility. Though he is one of the richest Malaysian entrepreneurs, he lived in a deprived childhood. The house that he lived did not have a bed, table or chair. Experiencing that kind of difficulty gave him additional motivation in helping others with the hope of “making a difference” in people's life. The founder said: “My mother taught us that we do not have anything until we gave him with a vengeance, hoping it will make other people's lives for the better”. He also said: “The lesson for me is that

we must always remember our roots, where we came from, and humble when blessed with good luck. If not, we may fall". This is in addition to his Islamic motivation in making all programs for the sake of Allah S.W.T regardless of people's expectations or rewards. In summary, the objective of Islamic social responsibility is to achieve happiness and success in this world and Hereafter (i.e. *Al-Falah*). Islam enjoins the removal of hardship so as to improve the standards of living of the community.

Because of his believe that wealth should be shared with others, the founder made several projects. One of the largest projects is the construction of comprehensive complex (with cost of RM400 million) in Kedah which was completed in late 2004. The complex contains mosque, cemetery, medical center, hotel, mall, international Islamic school, a university, community center, orphanages, and special academy for the elderly and higher education center. Among the major projects completed is the Islamic Arts Museum Malaysia in Kuala Lumpur (worth RM100 million). The four story museum is the first museum in the Asia Pacific region that displays of Islamic artwork. Moreover, through his foundation, 12 mosques were built in Malaysia. Another example, and in 2000, he donated a total of RM7.75 million to the Oxford Center for Islamic Studies, which is a famous center of Islamic learning in the world. The foundation also assisted the Institute of Educational Development (IED) in the project of establishing the Institute of Medicine, Science and Technology of Asia (AIMST) in Sungai Petani, Kedah. In addition, the foundation often hosted dialogue of civilizations to promote tolerance and understanding between people of various religions and beliefs. Although the foundation emphasizes on charity projects for Muslims, it contributed to projects run by non-Muslims as well. For example, the foundation contributed RM one million for the Langkawi Project, a project initiated by Malaysian Chinese leaders to raise funds to carry out educational projects in rural areas and also provide scholarships to needy students, mainly Chinese non-Muslims.

Mall restructuring at A-one Mall

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Introduction

Mr. Ajay Kumar, the regional manager of A-one Mall was presiding over the weekly meeting with his category management team. All his apprehensions were coming true as his team started sharing facts of the last six months. The growth was stagnant, categories were not performing as per expectations and customer feedback was also moving towards negative. The entire fourth floor was not performing and retail space was turning out to be a non-productive space. “In the retail sector, the total contribution of Food & Grocery Industry is 60-65% as per latest market reports (Maheshwari & Ghosh, 2016). I thought that food category would be a crowd puller, but it is turning out to be dampener.” said Mr. Vikram Bhathija, who was heading the Men’s Division. “It is so disappointing, but we must think of corrective actions. What if we focus on fashion category which is the second most preferred category amongst consumers (IBEF, 2017) ?” replied Mr. Ajay. Instead of focussing on corrective actions towards one category or on one floor it was decided that the entire mall including all the categories needs to be restructured for long term benefits.

About the mall

A-one Mall was a one-stop shopping destination that offered the latest in fashion & accessories from over 1000 brands. A-one mall was launched in June 2002 in Mumbai, as India’s first no-barrier concept store and the biggest lifestyle retail brand from Beta Group. A-one Mall offered options of across categories including apparels, cosmetics, fragrances, eyewear, watches, accessories, sportswear, toys, mobiles, electronics, home and much more for the entire family. A-one Mall had a countrywide presence with over 34 A-one malls across 16 cities in India.

Mr. Ajay was responsible for handling three stores in the state of Uttar Pradesh in the cities of Agra, Lucknow and Kanpur. The Lucknow Mall opened on 1st October, 2009 when the question was whether the city was ready for a mall like this with so many brands on one floor. It was a rented property with its headquarters in Mumbai. Total area of the mall was

1,20,000 square feet which included parking space. Around 20,000 square feet space was available per floor and in total there were five floors including parking.

Organizational Hierarchy & Recruitment

The organizational structure at A-one was simple divisional structure which followed product based categorization with scalar chain of command (Ouchi, 1977). At the bottom of the ladder were fashion consultants who reported to department managers who in turn reported to Divisional Managers also known as the Assistant Mall Managers. The Assistant Mall Managers reported to the Mall manager and at the top of the chain of command was the Regional Manager. All the recruitments up to the posts of Divisional Managers were handled locally and it was controlled by the head office for higher designations. In total 389 employees were working in A-One Lucknow in April 2016. Salary of the employees ranged from INR 15,000 per month for a newly recruited fashion consultant to INR 50,000 per month for a department manager.

The problem

The time when the store opened, the category team had a perception that the food was a strong category and an entire floor needed to be allocated to this category. Despite this notion Food category remained disconnected and could not pull enough traffic. The fourth floor included supermarket catering to food category which offered entire gamut of food category like grocery, packed food, fresh vegetables and fruits, etc. This arrangement was done with the purpose of creating a one stop destination which was in rhythm with the tagline of A-One Mall "Eat here, Shop here, Enjoy here!" Besides, there were private players serving ready-to-eat food items which assured higher margins for the mall. But none of them were leading national or international players in the category. The belief that people would visit the fourth floor for purchasing grocery and food items could not be realised. This led to the situation of stagnant sales and piling up of losses.

Another problem related to category allocation and space planning was that the ladies category was not on a single floor. Customer feedback taken before the mall opening indicated ethnic wear as the traffic generator in the women's wear category, but later on looking at the sales data, it was established that women's western wear and youth also had equal potential. Furthermore, within a year, menswear became the top category of Central Ahmedabad belying all previous notions about women's ethnic wear category performance.

Even though the team was able to identify these things, instant corrective action was not possible as control was in the hands of the head office.

Approach towards solution

After carefully considering all the options suggested by his team, Mr. Ajay Kumar decided to go for a three step approach for entire mall restructuring. In the first step multi-source feedback was gathered from customers, sales team and category team. The second step involved planning of brand and category restructuring as per the feedback by the combined team of Head office and mall. In the final stage implementation was carried on as per planning by the team selected for the task.

Multi-Source Feedback

Before taking a major decision like restructuring of the entire space allocation plan, careful planning and collection of feedback from various sources was inevitable. The process started with a survey by the marketing team of central wherein a questionnaire was circulated to all the store staff. The subsequent questionnaire included comments on space planning, department allocation, customer perceptions, sales patterns, etc. The customer survey included questions on profiling for which data related to demographics, information on vehicles owned, loyalty card ownership, etc. was collected. Further, questions were included to explore the purchase pattern and shopping preferences of customers. The questionnaire for customers was structured in the head office and was carried out on a sample size of 200 respondents within a month. In-depth interviews were organized for both sales team and category team. The entire process of data collection was carried out in January-May' 2016. During the survey it was established that most of the respondents were locals residing in the surrounding area and around eighty five per cent of them owned loyalty cards.

Brand and category restructuring

The reallocation process required a three-pronged approach. The confirmation and acceptability of the various brands, already present and involved in the process, was the primary need for the re-allocation to take place. Secondly, new national and international brands were to be identified and introduced. Lastly, local brands were also to be identified for possible tie-ups.

Pricing and margin working was done by the Head Office. Brands needed to agree on the minimum guarantee and the margin working. The entire process of restructuring took a time span of seven months from June'2016 to Dec'2016 which also included brand entry and exit. If space was created due to brand exit then immediate intimation was sent to the category team with a suggestion to invite and include new brands.

Earlier the concept was dedicated towards positioning A-One Mall as a one stop destination where one could eat, shop and enjoy. The focus had then shifted on creating a fashion forward concept, eliminating the food court which was not performing as per expectations. Therefore the team was committed towards having tie ups with new fashion brands. Apart from Ground and second floor rest of the three floors saw major changes as part of the category restructuring (Refer Exhibit A).

Reallocation & Implementation of new Plan

As per the three pronged approach of the brand restructuring, the following happened during implementation:

- Most of the brands present agreed to extend their contract and move to a new location within the mall.
- Previously women's section had fewer brands. After restructuring many new brands were introduced. In women's western wear category nineteen new brands were introduced after the reallocation.
- Tie up with Green Timber and Jade Black happened in the menswear section.

A total of eighteen cash counters were set up and their presence was ensured on each floor with maximum number on ground floor. The entire first floor was allocated to the women's western wear which was double the previous area allocated. Baby world, kids and Toys were shifted to top floor. The logic behind was that the customers would visit the top floor for purchasing kidswear. Third floor was allocated to youth category.

Food section was completely eliminated. They introduced KFC on the third floor and CCD on the second floor as they were leading partners. These food partners were international players and although they were offering comparatively lower margins, they were a major attraction for shoppers.

Outcome

Earlier there were fifteen brands in Women's section but the number of brands after restructuring increased to thirty four. Also the area of Ladies Western Wear section was increased to 11,000 square feet from 5000 square feet. Due to these changes, the contribution of the category increased from 7% to 12 % (2016-17) in six months. The two year YOY growth in this section in the period 2014-15 to 2016-17 was 60% every year which indicated a huge growth potential. The Ladies Western Wear category which earlier had a value of six crores had become a category with total value of fifteen crores. Earlier Ladies denim section did average daily sales of INR 2,000-3,000, now it was selling merchandise worth INR 15,000-20,000 per day. The store staff knew that such an improvement could never be achieved if Toy's section was allocated the same area. Toy's section which was earlier on the third floor along with Ladies denim was now moved to the fourth floor and Ladies denim was moved to first floor to be part of the entire women's section. In the ladies denim section brands like Lee, Levis etc. had limited options in terms of SKU but now they have increased their options considerably as they were given more floor space. A Stock Keeping Unit (or SKU) is an identification assigned to a product with respect to its distinct price, product options and manufacturer of the merchandise. Men's section was the only section which was not moved because it already had around eighty brands and sales performance was also satisfactory. Contribution of Men's section remained similar to the previous year at around 30-35%. After the restructuring, the regular customers were frequently invited to attend store promotional events. Since the new concept of A-one mall was fashion-centric, fashion shows were being regularly organized at the time of new collection launch.

Impact & upcoming challenges

In the past five years a new trend of increasing acceptance of western wear amongst young females of Ahmedabad was recorded. This was also one of the reasons for the initial proposal to increase the area allocated to Women's Western Wear. Mr. Ajay called another meeting to discuss the latest sales trends. Although the sales of Women's western wear was showing a positive increase, GMROF of the category had reduced from 56% to 40%. GMROF stands for Gross Margin Return on Footage – a measure of inventory productivity that expresses the relationship between your gross margin, and the area allotted to the inventory (Levy, Weitz, & Ajay, 2009). Out of the total footfall 46% was in Men's section, 43% was in Women's section and around 10-11% was in the Kid's section. The yearly sales of Toy's section was

80-90 lakh and it was having a de-growth of 10-20 % in the past few years. Growth of kids did not decrease despite moving to the fourth floor and it kept giving a consistent contribution of 4-5%. It was the major traffic puller in the top floor. The Average Margin for the whole store was 37-38% for the regular stock (excluding EOSS stock). Six months was not sufficient period to analyse the overall impact, however sales performance of the mall improved as indicated by six month evaluation, with major contribution to that coming from Women's Western Wear category.

Note:

Name of the organization and characters have been disguised and this case has been written creating hypothetical situations.

List of Abbreviations:

- GMROF- Gross Margin Return On Footage
- YOY- Year over year
- KFC- Kentucky Fried Chicken
- CCD- Cafe Coffee Day
- SKU- Stock keeping unit
- EOSS- End of Season Sale

Exhibit A: Mall floor allocation before and after restructuring

Mall Floor	Before changes	After changes
Fourth	Food outlets, Food bazaar (supermarket)	Home, Kids, Toys, Babyworld
Third	Babyworld, Kids, Toys, ladies denim.	Youth category, KFC outlet
Second	Mens	Mens category, CCD outlet
First	Womens – western, ladies, youth.	Entire Women’s category including Western Wear, Lingerie, Footwear, Denim etc.
Ground	Ladies Ethnic, Cosmetics and Watches.	Ladies Ethnic, Cosmetics and Watches.

Exhibit B: Women's western wear sales growth pattern

S. No.	Financial Year	Sales Growth
1	2012- 13	18%
2	2013- 14	22%
3	2014- 15	6%
4	2015- 16	11%
5	2016- 17	12%

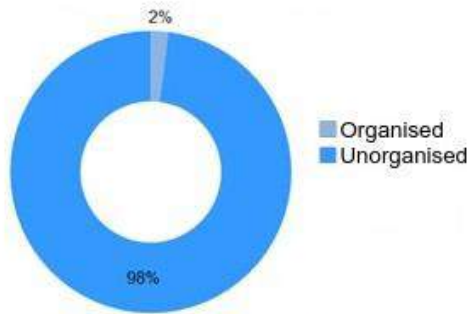
Exhibit C. Restructuring Timeline

S. No.	Particulars	Time Period	Timeline
1	Problem Identification & Overview	One year	January-December'2015
2	Feedback from stores	Two Months	January- February'2016
3	Chain Level Performance check of categories*	Two Months	March- April' 2016
4	Market Study	One Month	May'2016
5	Visit & Evaluation by project team	One Week	June' 2016
6	Information to Brands & Space planning	One Month	June' 2016
7	Brand Negotiation	One Month	July' 2016
8	Visit by brand teams, evaluation and feedback	One Month	August' 2016
9	Agreement with brands	One Month	September' 2016
10	Implementation by Project Team	Three Months	October- December' 2016
11	Hiring	Three Months	October- December' 2016

* Chain Level Performance check of categories referred to study of relative performance of all categories across different A-one Malls in India.

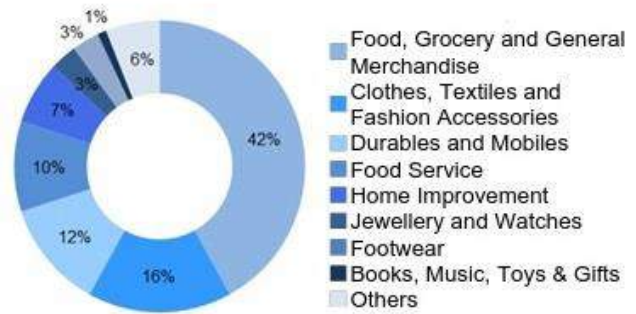
Exhibit D. Organized retail share data

Indian retail industry (2016)



Source: Indian Retail Report, TechSci Research

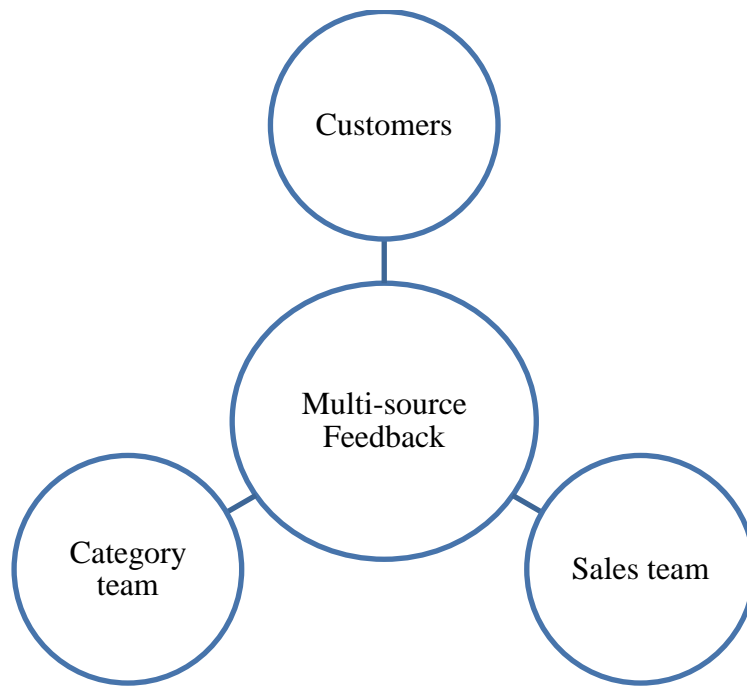
Shares in organised retail sector (2015)



Source: Indian Retail Report, TechSci Research

Source: (IBEF, 2017)

Exhibit F. Multisource Feedback System



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Repositioning And Moving Forward: A Case Of Pre Matters Supply And Services

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Introduction

The name of the company is Pre Matters Supply and Services which provides bird control services for manufacturing plant in the states of Penang, Kedah and Perlis that suffers from birds disturbance inside the plant. The company uses both conventional and contemporary method to assist its customer in minimizing the disturbance of birds inside the customer's manufacturing plant which includes the use of bird nets to block the access of birds towards the plant (conventional), the use of ultrasonic, laser beam, artificial bird balloons as well as bird alike objects to distract and to curb bird disturbance inside the plant.

Background of the company

Pre Matters Supply and Services started the business as bird control services provider to manufacturing plant that encounter bird disturbance in their operation site in Sungai Petani since 2006. The founder was Mr. Rizfa who has vast experience in bird control system which he learned during his younger age. To date, Pre Matters Supply and Services is the only bird control service provider in Sungai Petani area. The company uses both traditional as well as mechanical method to assist customer in curbing bird disturbance.

Currently, the company provide services to five medical equipment plant which includes Synergy Sterilisation (M) Sdn Bhd and Molnlycke Health Care Sdn. Bhd as well as one company producing Corrugated box. As the company is a single proprietorship organization, its organization structure is rather straightforward. The Managing Director, which was the owner, Mr. Rizfa himself, is assisted by one administrative officer which in turns, oversee three technicians to support the operation. The existence of respective functional department is not evident.

As simple as the organization is, Mr Rizfa currently does not set an appropriate mission and vision for his company thus resulting in a confusion of what the organization is going to be and where is the organization is heading. In the similar vein, Mr. Rizfa does not have an office for his company. Rather, the company operates as a freelance organization and this prohibits further expansion of the organization's operation and development.

Being one of the pioneering company that provide services on bird control, Pre Matters Supply and Services does not encounter fierce competition in the industry. The nature of business for the company is distinctively different from pest control industries which consist of many players. Therefore, the opportunity to grow and to expand is wide open. Nonetheless, the company is exhibiting a lack of competencies in both its internal and external operation environment.

Operation and Services

Pre Matters Supply and Services started humbly as an organization that was designated to assist its customer to overcome issue with bird disturbance in operation plant. The director of the company, Mr. Rizfa is a well-trained bird control specialist. Having completing his training oversea, Mr. Rizfa brought the expertise back to Malaysia and started the company to provide service to its customer. Mr. Rizfa uses both traditional and mechanical method to curb bird disturbance. The traditional method, is a method that uses net on the ceiling or roof top of an operation site to catch the birds. According to the customer, bird droppings is hygienic issue surrounding the operation site such that it is the reason they look for solution from Mr. Rizfa's company. Bird droppings are proven to be hazardous and is contaminating the quality of the product of the customers.

This traditional method suffers several drawbacks such that manufacturing plant that has a ceiling or roof that is higher than 5 meters create barriers for installation. A "sky-lift" is required to assist the installation or else, mechanical method will be implemented. In the similar vein, large trees surrounding the operation site prohibit the effective implementation of the method to chase away the birds as these large trees are the "home" to the birds. Lastly, it is hazardous to have installed the products in area that is relatively high from ground with the presence of birds around.

When the traditional method fails, mechanical methods are placed. One of the mechanical methods to curb bird disturbance is to install bird-like balloons. Bird-like balloons are installed in numerous locations on the operation site which was meant to scare away birds flying around the area. These locations, however, are not static. Mr. Rizfa and his team are required to shift the position of these balloons once a fortnight as the efficiency and effectiveness of the balloon reduces once the birds no longer fear the balloon attached to the location.

Bird-like balloons installation is the most common mechanical method implemented in a customer's operation site. Nonetheless, when the feasibility of bird-like balloons is in question, other mechanisms such as the use of laser and ultrasonic will be used. These methods are alternatives to bird-like balloons as they are costly and difficult to implement.

Mr. Rizfa does not have an official office for his company. Instead, the company is registered with Mr. Rizfa's house address as an indication that the company is sort of a freelance organization. Customers enquiring for bird control services can contact Mr. Rizfa either through mobile or through email. Mr. Rizfa offers on-call services for enquiries outside office hours especially late night or early morning when birds are active. He will be available on site to assess and evaluate the severity of disturbance to provide the right solution for the customer.

Current Development

In the year 2015, upon invitation, the company became a member of Public-Private Research Network (PPRN) and participated in their research project which seeks to further enhance and develop the organization. Collaboration between the company and public university was initiated. Researchers from Universiti Malaysia Pahang are currently working closely with Mr. Rizfa and his company to seek opportunities to further enhance the products and services offered in the industry.

The company could now look forward to automating the balloon birds which are currently installed as static products at customer's sites. The development of PLC control systems as well as the integration of mobile apps attached with the system could allow Mr. Rizfa to control its

product without being physically presence at the customer's site. This development would allow Mr. Rizfa and his technical team to be virtually available for troubleshooting and monitoring.

Soon, Mr. Rizfa sets forward to strengthen the skills and knowledge of this technical team. The company has recently suffered from the lack of man power as well as the lack of interest of technical team member to work long hour. Mr Rizfa acknowledge that while the job scope looks interesting and attractive at the very beginning, technical staff tends to get bored the longer they engage in the job as this is a very routine job. Mr. Rizfa is seeking for professional advice on enriching the job scope of his technical team to retain his workforce. According to Mr. Rizfa, the time required to train a new technical staff to be completely independent to serve the customer would be around 3 to 6 months.

In the similar vein, Mr. Rizfa is set to structure his organization to better position itself towards the increasing demand of its service. At present, Mr. Rizfa informed that there has been a rising demand for services. However, geographical limitation as well as lack of man power and appropriate marketing strategy results in him turning down most of the enquiries. The loss of such avenue is heavily felt and Mr. Rizfa is very determined to rectify this shortcomings to enable him to grab as many opportunity for business development as possible.

Main issue or problem to be addressed.

While facing almost no competition in the existing market, Pre Matters Supply and Services do suffer from management efficiencies as well as operational effectiveness. The company currently provide services to five medical equipment plant which includes Synergy Sterilisation (M) Sdn Bhd and Molnlycke Health Care Sdn. Bhd as well as one company producing Corrugated box. A site visit to Synergy Sterilisation (M) Sdn Bhd reveals that the customer is satisfied with the level of services provided by the company. The customer also acclaimed that the company has potential to grow further if appropriate support and assistance is provided to the company.

As the company is a single proprietorship organization, its organization structure is rather straightforward. The Managing Director, which was the owner, Mr. Rizfa himself, is assisted by one administrative officer which in turns, oversee three technicians to support the operation. The

existence of respective functional department is not evident. Worse still, the organization suffers from the fact that it does not possess a proper business office. Rather, the current residence of the managing director is used as the operating office instead. In addition to that, the organization seems not to possess a proper vision and mission statement to drive the growth and development of the organization.

Given such circumstances, the development and expansion plans of the business to states other than the above-mentioned, stumbled. The managing director, Mr. Rizfa admits that it is hard for him to oversee request and demand from customer from afar due to the logistic and mobility limitations of his operation unit.

In the similar vein, the efficiency and efficacy of solutions provided to customers in curbing bird disturbance does not always achieved satisfactory level. It was told that in certain occasion, it is not the product or the curbing strategies that failed the implementation of the solutions, rather, the human aspects (the compliance of the staff towards the curbing strategies implemented) as well as the technicality issues such as the design of the customer's factory that leads to implementation failure of its services.

As of current, Pre Matters Supply and Services is in collaboration with Universiti Malaysia Pahang to develop an automated PLC system which can be operate through mobile phone apps to automate static balloons that are installed in targeted area around customer manufacturing plant. Such implementation will further enhance the current solutions to curb bird disturbance around the compound.

Concluding Paragraph

The remaining question will be: 1) What are the steps that the company should take to strategize and coordinate their operation? 2) How to make sure that the company's management and operation would run smoothly in the long term given the rising popularity and demand towards their services and 3) How can the product and services offered be innovate further?

ACKNOWLEDGEMENT

The author would like to acknowledge that this study was funded by Co-operative and Entrepreneurship Development Institute under the grant siswapreneur@PPRN.

MESRA HOTEL: THE CHALLENGES IN MAKING A DREAM INTO A REALITY

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1.1 Introduction

On March 14, 2016, Salina Johan, the owner, cum the general manager of Mesra Hotel, looked out of her office window in disbelief as the rain continued to pour. Thunder and lightning did not seem to bother her. It was already 7 pm and her mind continued to wander. She was thinking about her delayed hotel project. The contractor just called to inform that the project could not be continued unless she paid the progressive payment before the end of the month. Everything seemed perfect before this. Good economic conditions and terrific businesses made her confident that the hotel construction would be completed as planned. Unfortunately, now her life turned upside down. The hotel project had been beyond schedule. The contractor in charge kept asking for more money. "I only have two weeks to prepare the money" sighed Salina Johan. The initial cost of building the hotel was RM950,000. Payments were made based on the progress of the work done. Until now, she had paid more than 60 percent of the costs involved. She was very confident that the project would run smoothly. In addition to the amount allocated for the building, she had also put aside RM50,000 for contingency expenses. Additionally, another RM500,000 for the hotel room furniture, lighting and other hotel necessities. She had invested all her savings to the project. In fact, she had also used cash from her other businesses, a grocery store and a 15-room motel, for the project. "Why things do not happen as what I've planned?" sighed Salina Johan in frustration. Everything had become expensive. The supplier charged her higher price for grocery products and hotel's necessities; using the implementation of goods and services tax (GST), inflation and depreciation of Ringgit Malaysia as excuses; while the motel guests had decreased for about 40 percent. "What should I do? The income from the grocery store and motel has decreased, the price of products has increased and now I am running out of cash to pay the contractor for the hotel project" she said, feeling depressed as the rain was.

1.2 The Hotel Background

The history of Mesra Hotel began with the establishment of Mesra Motel in 2005. Renting a three-storey building owned by a cooperative known as MOCCIS (Malay Officers Cooperative Credit and Investment Society) in Jalan Ipoh, Kuala Lumpur, the motel had started its first operations in October 2005. Located in one of the most exciting commercial sections of the city, which was very suitable for business and leisure, the motel had been the choice of many customers. To rent the building, Mesra Motel had to undergo a bidding process. Its first attempt was successful, and it managed to get a two-year contract with a rental amount of RM25,000 per month. The motel had to undergo the bidding process every two years and had managed to get the contract for four times. Salina and her husband, Armizi Zulkifli, spent about RM50,000 for renovation and decoration of the motel; all using their own cash. However, in 2013 Mesra Motel failed to get the contract, and as a result, in May 2013, Mesra Motel had to close down its operations in Jalan Ipoh. Nevertheless, Salina Johan and his husband were not discouraged with the situation. After a long discussion, they decided to bring the business operations of the Mesra Motel to their home town; in Kedah.

In early August 2013, the construction of the Mesra Motel building in Kedah started. The motel was built on Salina's land; a 2900 square meter land, in Jalan Langgar, Alor Setar. In November 2013, Mesra Motel started its first operations. Operated in a single storey building, the motel had 15 rooms, consisting of ten family rooms, one king-bed room, one queen-bed room and three single rooms. The rooms, which were very contemporary, came with a private balcony and facilities such as free wifi, air-conditioner, private bathroom with free toiletries, a flat screen TV with cable channels and complimentary coffee/tea facilities. In addition, to ensure the safety of the customers, the motel was equipped with CCTV and the parking lots were available in front of each room. All in, Salina had spent about RM450,000 for the motel, and again, she used her own cash. Salina never liked financing from financial institutions as she always felt that financial institutions charged high interest on financing and it was such a waste of money to pay the interest.

The Mesra Motel was located close to the main road and surrounded by village houses and a few residential areas. The motel was six kilometres away from Alor Setar city center, two

hundred fifty meters from Alor Setar government hospital and three kilometres from one of the biggest supermarkets in Alor Setar. The strategic location of Mesra Motel, coupled with being the only motel in the area, had attracted a lot of customers to the motel; especially during school and public holidays. Furthermore, there were a lot of eating-out options nearby. The good business performance of Mesra Motel, coupled with high sales of their grocery store at the time had inspired Salina and her husband to expand their motel operations. They were very confident that with all the cash and assets that they had, they would be able to realize their dream, to have their own hotel. This time, they decided to build a two-storey budget hotel on a nearby land owned by Salina's husband. The hotel, which would be located five hundred meters from Mesra Motel, would be named as Mesra Hotel. The existing motel would be placed under the management of the new hotel. In relation to that, the motel would also provide the same quality of service as offered by the new hotel. Hence, on March 2015, as a first step to the realization of the hotel project, Salina had changed the registered name of the Mesra Motel to Mesra Hotel.

1.3 The Management

As a family-owned business, Mesra Motel was managed mainly by Salina and her husband. Nevertheless, most of the time Salina was the one who handled everything as her husband was busy with their other business which was a grocery store. Located at the center of Alor Setar, the grocery store had been operating for more than twenty years. It offered various goods, especially those imported from the middle-east countries such as dates, beverages and spices. The profit from the grocery store had been one of the main sources of fund for Salina and her family all these years. Other businesses that they had include a few shop houses and lands, which they rented to individuals and companies. Salina, with the help of two staffs, responsible for the management of the shop houses and lands.

In managing Mesra Motel, Salina hired four employees. Aged from 35 to 60 years old, they were responsible to do maintenance and cleaning jobs. While, Salina focused more on matters related to reservations and documentations. However, one of the employees would replace Salina at the reservation counter everyday from 11 am to 2 pm as she had to go back home to do household chores. Routinely, Salina would be at the motel from 9 am to 11 am and from 2 pm to 7 pm. After 7 pm, one of the employees would replace her at the reservation

counter. However, she often faced difficulties to find employees who were willing to stay for the night shift. None of the employees had formal education, training or working experience of hotel or hospitality industries. In fact, neither Salina nor her husband had formal education or training in hotel and hospitality services. As most of her employees were from the nearby village and did not receive tertiary educations, they had difficulties in understanding instructions from Salina. As a result, there were a lot of backlogs and errors, especially related to documentation and administrative work, when they handled the night shift. Further, they were also often on leave for reasons such as attending a family gathering, wedding ceremony, funeral and other family activities.

In promoting her motel, Salina used several social media such as facebook, instagram and blogspot. She attended several courses to learn about computers, promotion and marketing, and in the process of building up a website for the motel. The work had been quite slow as Salina had to do everything on her own, i.e., from generating ideas, designing the website and finding a person or company who could build the website for the motel. Other than that, Salina also in the process of preparing the motel brochure, as one of the steps to promote the motel to the public, and as usual, she was the one who took care of everything related to the brochure.

1.4 The Financial Information

The financial resources of Mesra Motel came mainly from Salina and her husband's own assets. Her monthly income which came from the grocery store and the rented assets such as shop houses and lands allowed her to start and run her motel business without any loans from the financial institutions. After operating for almost 3 years, the motel had started to grant return to Salina. The types of rooms offered by Mesra Motel and the rates were as follow:

Room Type	Number of Rooms	Price (Nett)
Family room	10	RM130 (weekday) / RM140 (weekend)
King-bed room	1	RM120 (weekday) / RM130 (weekend)
Queen-bed room	1	RM100
Single-bed room	3	RM70

All room rates were not inclusive of breakfast. However, breakfast would be served upon request and charge will be imposed on the breakfast.

Salina started her Mesra Motel business with RM500,000 capital. As of end of 2015, the value of Mesra Motel building was about RM800,000, while the value of the motel equipment was about RM21,000. The motel owned one computer at the counter, with the current value of about RM200 and a washing machine and dryer with the value of about RM6,000. Further, there were machines and other outdoor facilities with the value of about RM4,500. In the meantime, the motel also had receivables from a few government and private offices, which cost about RM7,500 and inventories of RM17,250. The motel owned RM97,300 in its bank account and RM7,540 in its petty cash. At the same time, the motel also owned other payables, which cost about RM15,430. The provision for taxation of the motel was RM17,500 and its deferred taxation was RM25,400.

The net sales of the motel for 2015 was RM286,800. The motel spent RM45,000 for staff salaries, RM5,000 for advertising, RM13,500 for electricity and other utilities, RM15,200 for insurance, RM3,500 for printing and stationeries and RM15,000 for other expenses. The motel also spent RM11,000 for repairing (i.e., rooms, washrooms, washing machine and television) and air-conditioner maintenance.

1.5 The Mesra Hotel Project

The construction of Mesra Hotel started in June, 2015. The estimated cost was approximately RM950,000 and agreement was made that payments must be made based on the work progress. In addition to the RM950,000 for the building, Salina had also allocated RM50,000 for contingency. The new hotel would have 46 rooms, comprised of 18 single rooms, 10 twin rooms, 16 queen rooms and 2 king rooms. The hotel would also have a dining room which could accommodate 15 people at a time. The first phase of the construction went smoothly, and Salina paid the contractor according to the contract they had agreed. However, problems started to occur during the second phase when the contractor started to ask more than what had been estimated. The contractor used rising prices of construction goods as an excuse for the higher cost. The problem had become worse in the third phase of the construction when

more money was needed for flooring, roofing, piping, wiring and other construction works. At the same time, the economy was slowing down, the existing motel received less customers, the income from the grocery store decreased as the supplier charged them higher prices for grocery products, and income from the shop houses reduced as some of the shop houses were vacant. The decreased in the income had caused Salina to unable to pay the contractor. As a result, the hotel project had been suspended. The contractor was reluctant to continue with the work unless Salina paid them the progressive payment. At that time, the costs had exceeded the original estimation where Salina had paid the contractor more than the progress, i.e., under the contract Salina had to pay RM712,500 when the work progress was 75 percent, however, now Salina had paid RM800,000 for 75 percent work progress. The reasons given by the contractors were constructions' goods price had increased due to the GST and depreciation of Ringgit Malaysia.

In order to resolve the issue, Salina and her husband had no other choice than to approach financial institutions for financial assistance. They have approached a few financial institutions for financing, unfortunately, their application was rejected due to incomplete documents. As a result, the hotel project cannot be continued. Now, it had been almost two years since the hotel being constructed; it was originally estimated to be completed in one and a half years. With the current situation, where the construction works had stopped for more than four months, Salina had no idea when the project could be completed. At the same time, she realized that there were a few budget hotels existed nearby the city center; meaning, competition would increase among the hospitality providers.

1.6 Conclusion

Salina knew it was difficult for her to raise the capital in just a short period of time. However, she was not willing to give up yet. She and her husband would try their best to obtain the loan in order to ensure the successfulness of the hotel project. In addition to obtaining loans from banks and other traditional financial institutions she was also aware about the current non-traditional alternatives like crowdfunding, venture capital and angel investors. She was willing to try the new alternatives and realized that she had to act fast. She was confident that there was still hope for her hotel. As a start she must learn how to prepare the proper basic financial statements. This was important in order to articulate her business plan to the potential lenders or

investors so that she could raise the much needed capital. In addition to that, she must also identify the documents and criteria used by banks in analysing a loan application if she wanted to apply for a bank loan. Although she had no idea of how soon she could raise the fund, she strongly believed that “where there is a will, there is a way.”

APPENDIX A: Budget Hotels in Malaysia

The development of the tourism industry has paved way for the proliferation of many small and medium budget hotels (SMBHs) in the country. This is due to the high percentage of foreign tourists as well as the domestic tourists. The domestic tourism expenditure has increased from 12.7% (RM40.8 billion) in 2012 to 16.7% (RM47.6 billion) in 2013 (Department of Statistics Malaysia, 2014). The high number of tourists has encouraged rapid growth of hotels in Malaysia. The growth does not only involve expensive hotels, but also other types of accommodations such as budget hotels, motels, backpackers and homestay businesses; under the small and medium business category.

In Malaysia, small and medium-sized accommodation includes categories of bed and breakfasts, backpackers' lodges, and budget accommodation which are rated under the Orchid Rating category by the Ministry of Tourism Malaysia. The Orchid classification scheme is formulated to rate hotels which do not qualify for any star rating and is generally applicable to small and medium-sized accommodation. The Orchid rating assessment applies to tourist accommodation premises with basic facilities which include good, safe and clean accommodation and a friendly hospitable atmosphere. A budget hotel refers to a relatively cheaper hotel with basic service and facilities. It is a new type of hotel that is a modern existence to meet demand changes in the tourism market. As opposed to the traditional full service hotels, budget hotels just provide basic services and facilities and usually operated by the owner and few staffs. The target market of the hotel is on middle and small enterprise business people, leisure and self-help tourists. Budget hotels normally charge low price, have small number of staff and located near to the city. Budget hotels are usually considered as the 1 star hotels because they provide lodging at a cheaper price; varies from RM50-RM100 per room or night, some with breakfast offered at this price.

CORPORATE STRUCTURE

Name	Activities	% share
Penawar Industries Sdn Bhd (Penawar)	Manufacturing, processing and distributing traditional healthcare products	100%
Rojam Enterprise	Transformed in to Penawar	



Vision
Towards the awareness of the important of healthcare, good-looking and accomplishment

Mission
To sustain and strengthen the company

- Objective**
- Emphasize on social responsibility
 - Developing community economy
 - Producing successful company workforce with proper guidance and way forward

Slogan
"Rojam towards to the new era"

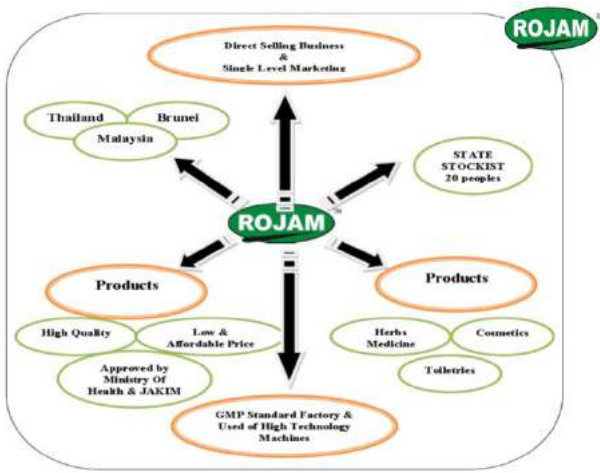
SYNOPSIS

The ROJAM brand is owned by Penawar Industries Sdn. Bhd. The company address is: Lot 292, Jalan Shahab 1, Shahab Perdana, Lebuhraya Sultanah Bahiyah, 05350 Alor Setar, Kedah Darul Aman. The company is owned by a family with 7 share holders. It manufactures and sells health products/traditional medicines using herbal and sea cucumber (gamat) active ingredients, which are the major products. In addition, the company make and sell cosmetic products under the same brand name. It has 25 employees.

MARKET SEGMENTATION

Group of Rojam Market Segmentation				
Gender	Age	Income Tier	Areas	Pricing Strategies
Male Female	30's	Lower	Rural	Low - Affordable Cost

ROJAM CORE BUSINESS OPERATION



Authorised capital : RM5,000,000.00	SECTOR:
Paid-up Capital : RM2,500,000.00	Consumer Product

CHAIRMAN : Hj Shuib Mohd Isa
MANAGING DIRECTOR : Rohaida Binti Shuib

MAJOR SHAREHOLDER(S)

Rohaida Binti Shuib	12.00%
Rokiah Binti Hussain	28.00%
Roslina Binti Shuib	12.00%
Shahril Bin Shuib	12.00%
Rodina Binti Shuib	12.00%
Nor Hayati Binti Shuib	12.00%
Sharizan Bin Shuib	12.00%

No of employee : 25

TEL : 604-7326019 / 604-7340957 FAX : 604-7346243

ANNUAL SALES RECORD



QUICK VIEW ON FINANCIAL RECORD

BALANCE SHEET	2014	2013	2012	2011
Non-current assets	1,022,669	912,682	803,064	863,307
Current assets	2,015,217	4,560,481	4,584,304	4,151,648
Non-current liabilities	200,978	145,358	40,212	56,767
Current liabilities	322,758	1,040,616	1,083,746	720,680
Reserves	14,150	1,787,189	1,763,410	1,737,508
Minority interests	Nil	Nil	Nil	Nil

INCOME STATEMENT	2014	2013	2012	2011
Revenue	1,527,717	1,511,623	1,581,583	1,501,674
Profit/Loss before tax	1,961	24,294	25,902	(58,368)
Profit/Loss after tax	1,961	23,779	25,902	(58,368)
Net dividend	(1,775,000)	0	0	0
Minority interests	Nil	Nil	Nil	Nil

ROJAM HEALTH PRODUCTS : INNOVATION FOR GROWTH AND ORGANIZATIONAL SUSTAINABILITY

Quamrul Hasan^{1*}, Mohd Kamarul Irwan Abdul Rahim², Che Azlan Taib³, Rohaizah Saad⁴, H.M. Belal⁵

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1.0 Introduction

Penawar Industries Sdn Bhd (Penawar), founded by Haji Shuib Mohd Isa (Hj Shuib) in Kedah as an SME, had been manufacturing the healthcare and cosmetic products under the brand name of ROJAM since 1992. During the past several years, Penawar had been struggling in sustaining the market share. The annual sales have started to drop significantly since 2001. On top of that, in 2008, the marketing manager who was very productive left the company due to family reason. Hj Shuib failed to find a new marketing manager who could replace the previous one with enough skills and high productivity. This added further headache to Hj Shuib. The company's sales dropped to more than 80% in 2010 as compared with the peak year in 1998. The business result was getting bad and bad in a year by year which became worse in 2015. Hj Shuib finally took some crucial actions for sustainability of the company he founded. One of such key actions was to assign Hajah Rodina Shuib, the finance director and one of his daughters, for taking the responsibility of the factory effective from June 2015.

From the Past to the Recent: An Overview

It was in early 1990s. After coming out with unsuccessful results from transportation service business, Hj Shuib (when he was in his mid-30) came across a friend-Mr. Azizan who was also in business though not in the same field. Mr. Azizan invited Hj Shuib to produce traditional medicine in partnership with him as a new business. At that time, the emergence of Langkawi as the legendary island in northern state of Malaysia triggered them to select this strategic place for exploiting the potential of sea cucumber as traditional medicine under the health care industry. Sea cucumber is an organism from sea and it is known as “Gamat” in Malay which have been used in traditional medicine from generation to generation especially for speedy healing and recovery of skin injury or damage. Hj Shuib, as a beginner, actively took part in the learning process of making of sea cucumber as traditional medicine from the local people in Langkawi. In 1992, this led to the establishment of a new company-Rojam Enterprise co-owned by Hj Shuib and Mr. Azizan. They, together, gave birth of the new word “Rojam” by combining the first parts of the names of their beloved wives; Rokiah and Jamilah, of Hj Shuib and Mr. Azizan respectively. With relatively small amount of capital injection of RM 2,000 the newly established company Rojam Enterprise successfully started producing and selling the health care product at Langkawi directly and distributing to local and other retailers in Peninsular as well. The total number of products was five.

In 1996, Hj Shuib decided to move the company’s production site from Langkawi to his house backyard in Alor Setar, Kedah. This change of location was necessary to justify that the raw materials had to be procured from the main land and the market size was much bigger in the main land as well. This strategic decision, as a result, helped the company to save extra costs significantly. The products were produced manually with five staffs only including Hj Shuib and his wife. Their daughters assisted them whenever they could manage the time. With limited resources and flat structure of the organization, they had to strive to get the job done to sustain their business. Their hard work paid off and Hj Shuib realized that the “Rojam” became prominent in the market all over in Malaysia. This prompted him to register Rojam as the brand name with the establishment of Penawar Industries Sdn Bhd in 1996. This

was the beginning of Rojam brand under the new company name Penawar Industries Sdn Bhd. with a total of ten staffs.

Penawar started enjoying the peak sales in business in 1996. At that time, Penawar was producing a total of ten products by employing fifty staffs. In 1998, the annual sales recorded as RM 12M for the first time in the company history. This favorable result was possibly and at least partly due to the Asian financial crisis of 1997 which also affected Malaysian economy badly. During this recession period many needy people had to earn money without investing any significant amount of capital. Also, people were dependent on the products which had competitive price. These were the main reasons which favored to boost Penawar's growth in business. Another possible factor, in this success, could be the then marketing manager who was highly skillful and productive. In 1998, the strong growth of business led Hj Shuib in transferring the production site from his home backyard to the new office at Shahab Perdana, Alor Setar. He then proceeded with his plan to buy a factory offered by KEDA in Sungai Petani to expand the manufacturing operation. As a local manufacturer of traditional medicines or health care and cosmetics products, Hj Shuib needed to fulfill the requirement and comply with the regulation set by the Ministry of Health. Under this, using herbs to produce supplements, cosmetics and toiletries must be registered with the Ministry of Health. And the ministry had instructed the traditional medicine manufacturers to have their own factory under the certification of Good Manufacturing Practice (GMP) to fulfill the key requirements: 1) Product produced must be in a good condition; 2) The manufacturing operation must be in good hygiene and safe. This compelled Hj Shuib to invest a few hundred thousand of ringgit in his factory. As a result, on 1st January 1998, the certificate of GMP was awarded to Penawar. By 2005 Penawar produced a total of 128 products (in Exhibit 3: List of product and price). These products were segregated into 4 categories as listed below:

1. Healthcare Product (details are shown in Exhibit 4)
2. Cosmetic Product (Exhibit 5)
3. Oily and Balm Product (Exhibit 6)
4. Herbs Medicinal Product (Exhibit 7)

Furthermore, in 2007, Penawar received a halal endorsement letter from Jabatan Kemajuan Islam Malaysia (JAKIM) by approving 31 products under the category of jelly gamat, coffee

and tongkat ali for selling these to the Muslim customers. This, certainly, was another recognition to Penawar by the government.

Right Marketing Strategy in Right Timing

As mentioned earlier, Penawar started to enjoy their business success in 1996 with the peak in 1998. At first, a friend of Hj Shuib who was already involved in the direct selling offered him a business opportunity for Penawar knowing that that he would accept it. His friend's intention was to help Hj Shuib in expanding the wing of Penawar by taking advantage of the booming market of direct selling at that time. Later, Hj Shuib's friend called up a few dealers who worked with him before and attached them with him. As the appointed leaders, their mission was to form up a direct selling group under the Penawar roof to promote the company's healthcare products. As these enthusiastic leaders assembled together, they crafted the marketing plan to lure the potential state- stockist and area-stockist to join them with an attractive incentive (in Exhibit 10: Members Application Form). The appointed state- stockist and area-stockist were to cover the area where there was a demand from local customers. In this way, having the appointed state-stockist and area-stockist, Penawar was successful in distributing the product to the customers.

Under the Penawar's direct selling marketing plan, the members were required to look for new appointee members. As the registered members, they were given privilege in purchasing products from Penawar at the discounted price through the direct selling channel. The compensation for the members was based on number of product sales in each month. The members were required to maintain the bonus entitlement of RM 50.00 at first before increasing to RM 100 regardless of they were members or appointed stockist (area or state). Every appointed state- stockiest could earn 7% bonus upon the purchase made by the state while it was 8% bonus for the area-stockist without including other incentives. Upon receiving the product, the members would sell to public or retailers with recommended retail price (RRP). From the RRP, Penawar generated profit while distributed incentive and bonus to the members. Penawar offered the profit sharing to its members at the ratio of 50:50.

Advertisements in the newspaper and publishing testimonials were done (in Exhibit 8 and Exhibit 9). Through the planned marketing, the sales of Penawar continued to grow further. In

1998, with the operation of new manufacturing factory at Sungai Petani, Kedah which catered the big demands from the retailers and customers, Penawar outperformed the sales of the past year with the turnover of RM 12M.

From Up to Down

For Penawar, unfortunately, the good timing and fortune did not last long. Since 2001, the sales of Penawar started to drop significantly and remained stagnant. In 2015, this negative performance went down further by reaching to more than 80% drop in sales (in Appendix-1: Sales Record).

In business, it is not unusual to have up and down. In case of Penawar, however, the drop in annual sales was very high and stagnancy had been continuing for too long period of time. Hj Shuib and his management team strongly felt that something should be done to turn around of Penawar. The big issue was their focus on the marketing only. However, customers expect and look for new products with new or at least better results. This can be achieved by having an in-house strong R&D and via innovation. To fulfill these crucial needs, Hj Shuib had been depending on the external organizations-FRIM, MARDI, USM. This dependency cannot be healthy and sustainable for the company. Nevertheless, in collaboration with a team from USM the successful transformation from Minyak Gamat to Gamat Cream was possible.

Can Penawar Go Back to Track?

Penawar had been striving hard to sustain in their business. With constant pulling back of the MLM business, the company had to find out and try other options. In 2009, Penawar pushed back to the same trading as its core business. In this attempt, they targeted supermarkets such as Tesco, and Mydin as the vehicle to sell their products. The attempt in trading was successfully done at Tesco nevertheless it did not last long due to a defect found in the product. Hj Shuib's respond to this issue was (as quote): *"The product was a herbal drink, which was chosen by Tesco (not by us), therefore, we were not experienced in this before making the product for them. The drink product's stability/appearance was not good due to physical separation between solid and liquid. This could be due to not enough preservative was added in to the product."* The cause of this failure was certainly the flaw in product

manufacturing, which could have been avoided had the company possessed its own and strong R&D. Maintaining good product quality should be one of the top priority for a manufacturing company. Penawar failed in this due to top management's lack in understanding of the value in having a strong R&D within the company, which could also contribute in doing the innovation. On the other hand, Penawar's products were well received at Mydin (in 2012). A total of 90,000 bottles of minyak rambut were sold at Mydin from 2012 to 2015. Other products which were well received by customers: minyak serai, minyak panas, minyak kayu putih and minyak kayu merah. This suggested that there were still loyal customers of Penawar. Though, most likely, these loyal customers were the same of the good timing of Penawar in 1990's which suggested they still remembered the brand name Rojam. No doubt that these customers were older in age. Despite numerous efforts to attract younger customers to buy Penawar's products it was not much successful. Considering the packaging and labelling of the products, younger customers found out that the products were not very attractive, friendly, contemporary and, therefore, suite with their expectations. This made younger customers to shy away from Penawar's products (in Appendix 1: Market Segmentation). Hence, there remains an opportunity for Penawar to target younger customers and acquire this untapped market segment. The failures/limitations as mentioned above can be overcome by introducing innovation in product, R&D, process and packaging. Therefore, the company should consider in strengthening its R&D to meet these unavoidable needs especially considering the nature of the products. In addition, as shown in the Exhibit 3 (List of product and price), Penawar's product list is too long (total 128) considering its poor strength in R&D and innovation. The company should strategically select the products based on the core competency and market demand and remain focused on the selected products only.

Due to very low earning in yearly financial income (in Appendix 1: Quick View on Financial Record), Penawar had been neglecting to channel an appropriate budget to the respective department. As a result, the respective department could not move forward due to constrained budget. There was no clear indication either in direction or communication from top management on the yearly target sales, how to achieve it, and about the marketing strategy for gaining competitive advantages. Penawar had been depending on the OEM and trading to

support its operation cost. The hierarchical style of management and having all the directorial and top managerial positions occupied by Hj Shuib himself and his other family members could be one of the main reasons in resulting in to Penawar's poor business performance (in Exhibit 1 and Exhibit 2). Strategic changes in both the management and lower levels, including bringing in young employees with fresh ideas, should be made immediately before Penawar might get phased out. The major transformation or revamp is required by Penawar for bringing in the market-oriented mindset and organizational culture to serve the customers with solution and satisfaction rather than the product itself only. Hence, transformative leadership, turning communications into actions with positive results, innovating products and services to niche area are the key elements for ensuring the success and sustainability of Penawar Industries Sdn Bhd.

2.0 Background of Organization

Penawar had registered as an SME of the pioneer manufacturer and distributor of health products, traditional medicines and cosmetic products using herbal and sea cucumber (gamat) as the active ingredients with the brand name of ROJAM in Kedah, Malaysia in 1996. Penawar had been selling their products in a variety of retail stores covering almost all over in Malaysia. In addition, the company sells directly in Langkawi and the revenue from that store is the significant according to the statement from company's top management.

The company's organizational structure is shown in Exhibit 1 and Exhibit 2 as given later.

3.0 Specific Issues

In this case, we have identified several specific and critical issues which are as listed below.

- 1) Lack of product innovation, especially based on science
- 2) Lack of capable human resources, including in the R&D
- 3) Very long list of products at the same time (some are similar/overlapping)
- 4) Not paying special attention to the younger customers
- 5) Hierarchical family management style

4.0 Concluding Paragraph

This case focused on identifying the key issues on business sustainability of an SME-Penawar Industries Sdn. Bhd., Kedah, Malaysia. This company is mainly manufacturing and selling the health care and cosmetics products using herbal ingredients and sea cucumber. The company enjoyed the best timing in the sales for less than 5 years only during late 1990's which might be thanks to the recession in 1997 as a result of the Asian financial crisis. At the peak time Penawar had a record annual sale of at least RM12M (in 1998). However, it dropped significantly year by year, lost more than 80% of the peak sales value in 2010 and remained stagnant up until now. Considering the nature of the products, we know that both R&D and innovation play a crucial role in the sustainability of a company like Penawar especially when it comes to develop a new product. Also, the R&D is directly linked to the product innovation. However, in Penawar, there was no true R&D and innovation to develop a new product. We believe that Penawar would have been much more successful, especially in developing new products and launching these in the market if the company had an effective R&D with a focus on the innovation of products. These innovative products could provide a huge advantage for Penawar to grow further and sustain in the competitive market.

5.0 Acknowledgement

The authors gratefully acknowledge the cooperation of Penawar Industries Sdn Bhd with special thanks to its chairman Haji Shuib Mohd Isa for extending his full support in conducting this study. The research grant from the Institute for Management and Business Research (IMBRe), University Utara Malaysia is also gratefully acknowledged.

Exhibit 1

**BOARD OF DIRECTORS
PENAWAR INDUSTRIES SDN BHD**

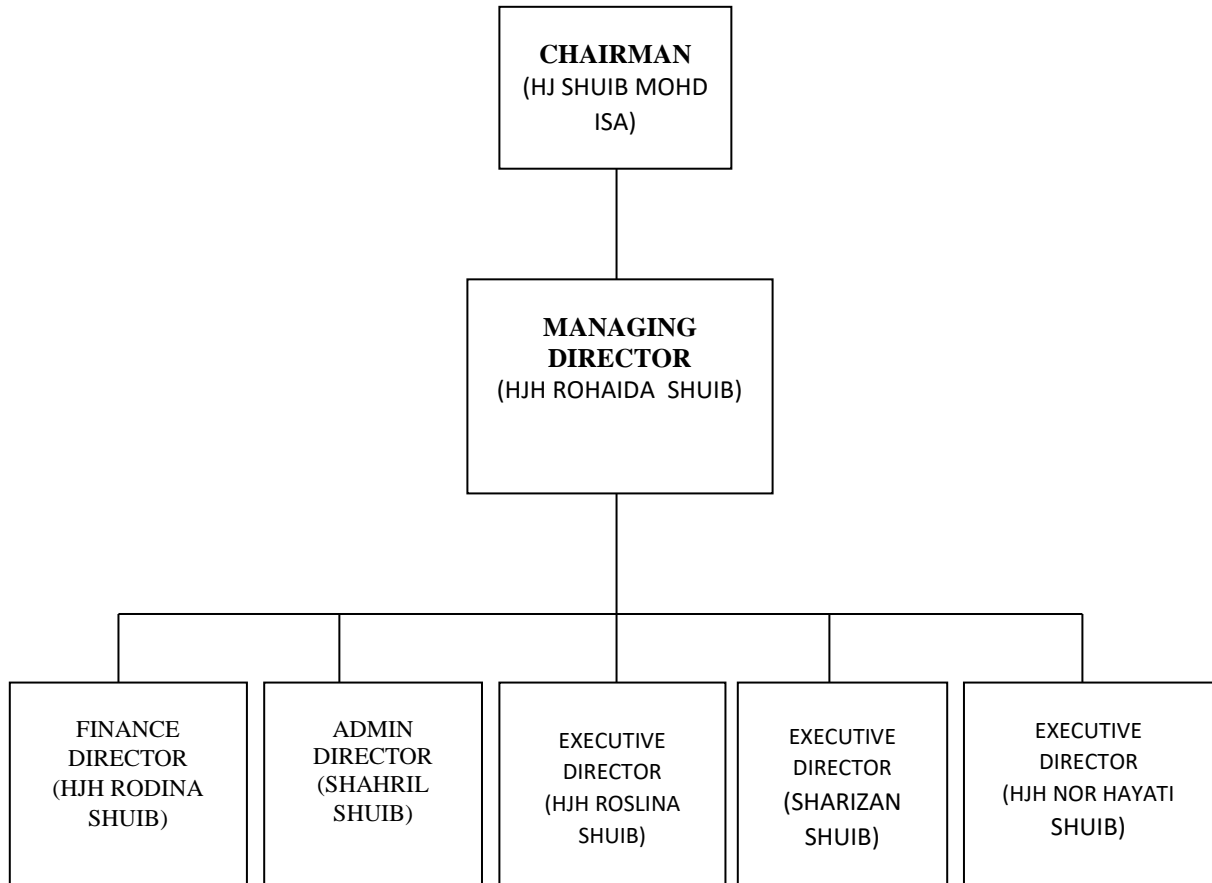


Exhibit 2

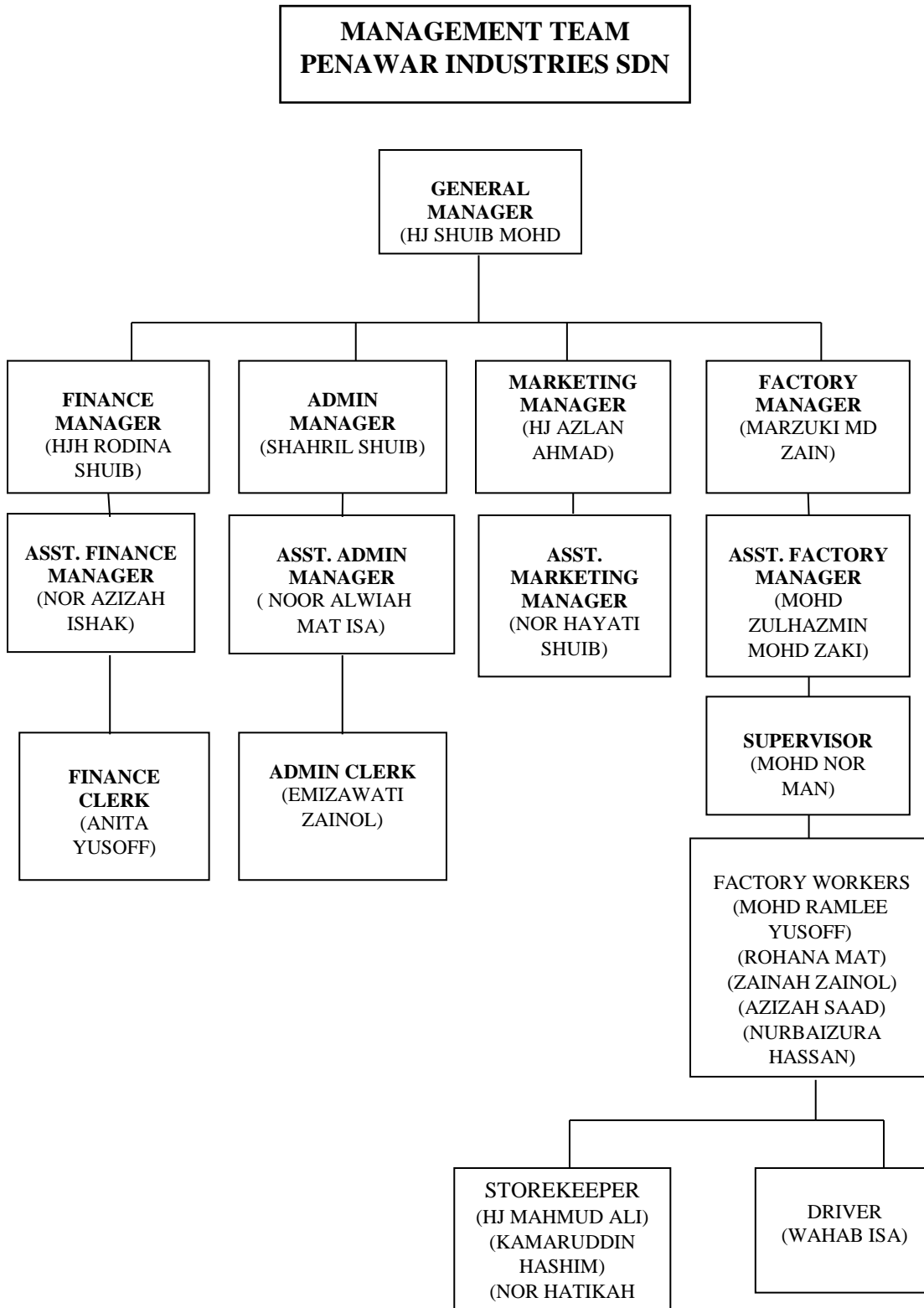


Exhibit 3 List of product and price (<http://mypenawar.tripod.com/produklist.htm>)

SENARAI PRODUK & HARGA					
Kepelbagaian produk, berkualiti, murah dan menjimatkan. Harga semenanjung Malaysia sahaja					
Kod Produk	Nama Produk	Harga (SM)	Kod Produk	Nama Produk	Harga (SM)
1	Air Seri Gamat	6.00	65	Kopi Habbatus Sauda	16.50
2	Balsam Cengkih	3.00	66	Krim Pembersih Muka Nisa	6.00
3	Balsam Gamat Plus	3.00	67	Krim Rambut Gamat	6.00
4	Balsam Halia	3.00	68	Krim Seri Gamat	6.00
5	Balsam Serai	3.00	69	Losyen Anti Jerawat	5.00
6	Balsam Seri Pala	3.00	70	Losyen Resdung	5.00
7	Barut Lansing Badan	50.00	71	Minuman Bertenaga Gamat	3.00
8	Bedak Anti Keringat	5.00	72	Maajun Belacak Plus	12.00
9	Bedak Berubat	5.00	73	Maajun Gamat Plus	6.00
10	Bedak Herba	10.00	74	Minyak Barut	7.00
11	Bedak Jasmin-No 1	6.00	75	Minyak Belacak	12.00
12	Bedak Jasmin-No 2	6.00	76	Minyak Buasir	10.00
13	Bedak Jasmin-No 3	6.00	77	Minyak Cengkih	5.00
14	Bedak Nabila-Biru	4.50	78	Minyak Kayu Merah	5.00
15	Bedak Nabila-Hijau	4.50	79	Minyak Kayu Putih	5.50
16	Bedak Nabila-Merah	4.50	80	Minyak Nikmat Malam	12.00
17	Bedak Nabila-Oren	4.50	81	Minyak Rambut Herba	5.00
18	Bedak Nadia-Seri Pinang	9.00	82	Minyak Seri Gamat	5.00
19	Bedak Nadia-Seri Selasih	9.00	83	Minyak Seri Pala	5.00
20	Bedak Nadia-Seri Tanjung	9.00	84	Minyak Seri Serai	5.00
21	Bedak Resdung	5.00	85	Pati Aloe Vera	5.00
22	Fitway Tea	16.50	86	Pembersih Muka Aloe Vera	10.00
23	Gincu Amira Sri Anggerik	13.00	87	Pembersih Herba	6.00
24	Gincu Amira Sri Cempaka	13.00	88	Penawar Resdung	5.00
25	Gincu Amira Sri Kenanga	13.00	89	Penyegar Muka Sri Mayang	10.00
26	Gincu Amira Sri Melati	13.00	90	Penyegar Muka Aloe Vera	10.00
27	Gincu Amira Sri Mawar	13.00	91	Pewangi Badan Syahdu	7.00
28	Gincu Amira Sri Melur	13.00	92	Pewangi Asyik	6.00
29	Gincu Skiva - 12	13.00	93	Pewangi Bayu	6.00
30	Gincu Skiva - 300	15.00	94	Pewangi Delima	6.00
31	Gincu Skiva - 400	13.00	94	Pewangi Hijrah	6.00
32	Gincu Skiva - 50	13.00	96	Pewangi Intan	6.00
33	Gincu Skiva - 500	15.00	97	Pewangi Intim	6.00
34	Gincu Skiva - 59	13.00	98	Pewangi Khusyuk	6.00

35	Gincu Skiva - 62	13.00	99	Pewangi Nilam	6.00
36	Gincu Skiva - 63	13.00	100	Pewangi Sahara	6.00
37	Gincu Skiva - 64	13.00	101	Pewangi Salju	6.00
38	Halia Madu	8.00	102	Pewangi Senja	6.00
39	Jelly Aloe vera	10.00	103	Pewangi Tropikal	6.00
40	Jelly Ibu Gamat	30.00	104	Pewangi Zamrud	6.00
41	Jus Mengkudu	20.00	105	Pil Kecerdasan Minda	20.00
42	Kapsul Herba Asthma	16.50	106	Pil Susu Kambing	10.00
43	Kapsul Herba Buah Pinggang	16.50	107	Sabun Aloe Vera	3.00
44	Kapsul Herba Femi	16.50	108	Sabun S/Kambing Avocado	8.00
45	Kapsul Herba Femi II	16.50	109	Sabun Gamat Susu Kambing	10.00
46	Kapsul Herba Karbat	16.50	110	Sabun Gamat H. Sauda	10.00
47	Kapsul Herba Mandul	16.50	111	Sabun Gamat - Hijau	3.00
48	Kapsul Herba Munasir	16.50	112	Sabun Gamat - Kuning	3.00
49	Kapsul Herba Perancang	16.50	113	Sabun Gamat - Merah	3.00
50	Kapsul Herba Rangin	16.50	114	Sabun Gamat D.Gelenggang	3.00
51	Kapsul Herba Resdung Langkawi	16.50	115	Sabun Kulit Rambai	3.00
52	Kapsul Herba Serbuk U. Manis	16.50	116	Sabun Gamat D.Pegaga	3.00
53	Kapsul Herba Salirat	16.50	117	Sabun Susu Kambing (Mini)	3.00
54	Kapsul Herba Sendaout	16.50	118	Sabun S/Kambing Sari Rapat	8.00
55	Kapsul Herba Seri Guna	16.50	119	Set Lengkap Bersalin	110.00
56	Kapsul Herba K.Fatimah	16.50	120	Simway Tea	16.50
57	Kapsul Herba Seri Perkasa	16.50	121	Slimming Gel	30.00
58	Kapsul Herba Slimway	16.50	122	Spirulina	30.00
59	Kapsul Herba Srinilas	16.50	123	Syampu Badan	7.00
60	Kapsul Herba Tongkat Ali Plus	16.50	124	Syampu Rambut Herba	7.00
61	Krim Pelansing Jelita Ayu	25.00	125	Tonik Herba Gamat	12.00
62	Krim Pmutih Kulit Salju	12.00	126	Ubat Batuk Herba	6.00
63	Krim Penegang Payu Dara	25.00	127	Ubat Gigi Gamat	8.00
64	Kopi Gamat 4 in 1	15.00	128	Vitamin C	12.00

Exhibit 4 (Healthcare Product) (<http://mypenawar.tripod.com/kesihatan.htm>)

PRODUK KESIHATAN



<p>Kopi Gamat 4 in 1</p>  <p>Harga RM15.00 (SM) RM16.50 (SS) Diperbuat daripada Gamat Asli, di tambah dengan kopi asli bermutu, krimmer dan gula, rasailah kenikmatannya.</p>	<p>Minuman Bertenaga Gamat</p>  <p>Harga RM3.00(SM) RM3.30 (SS) Berfungsi untuk menambah tenaga dan kecergasan badan serta menghilangkan dahaga. Dipenuhi dengan mineral dan vitamin. Kaya dengan kebaikan gamat.</p>
<p>Halia Madu</p>  <p>Harga RM8.00 (SM) RM8.80 (SS) Minuman kesihatan yang berkhasiat tinggi Berfungsi mengurangkan loya dan muntah, mengeluarkan angin dalam badan, memudahkan penghadaman, menambah selera makan dan mengurangkan sakit sendi.</p>	<p>Kopi Habbatus Sauda</p>  <p>Harga RM16.50 (SM) RM18.00 (SS) Berfungsi melegakan batuk, mengeluarkan angin dalam badan, mengekalkan awet muda, senak memulas, menurunkan tahap kolestrol di dalam darah, cirit-birit, penenang, mudah tidur dan mengurangkan sakit sendi</p>
<p>Tonik Herba Gamat</p>  <p>Harga RM12.00 (SM) RM13.00 (SS) Berfungsi untuk Menambah Tenaga, menghilangkan letih, melawaskan pembuangan air kecil, melegakan sakit pinggang dan menambahkan selera makan. (MAL:20031851T)</p>	<p>Jus Mengkudu</p>  <p>Harga RM20.00 (SM) RM22.00 (SS) Berfungsi memberi kesempurnaan sel, meyuburkan tumbesaran sel, membesarkan pori-pori pada dinding sel tubuh manusia untuk menyenangkan sel tubuh menerima Nutrien dari makanan.</p>
<p>Spirulina (Cecair)</p>  <p>Harga RM30.00 (SM) RM35.00 (SS) Berfungsi menguatkan system ketahanan badan, menyokong kesihatan untuk merendahkan tahap kolestrol, mengawal berat badan, menambah tenaga dan ketahanan badan, menyihatkan kulit, rambut dan kuku. (MAL:20021688T)</p>	<p>Jeli Pati Gamat</p>  <p>Harga RM30.00 (SM) RM35.00 (SS) Berfungsi menambah selera makan, melegakan sakit pinggang, melancarkan haid, untuk tenaga dan perempuan selepas bersalin, mengubati dengan cepat luka dan menghilangkan rasa sakit.</p>
<p>Penawar Kecerdasan Minda</p>  <p>Harga RM20.00 (SM) RM22.00 (SS) Mencergaskan akal dan pergerakan badan, membina sel-sel otak baru, menghilangkan perasaan berdebar, pelupa, gementar, was-was dan takut berhadapan masyarakat, mengaktifkan otak dan memudahkan ingatan sesuai untuk pelajar.</p>	<p>Air Seri Gamat</p>  <p>Harga RM6.00 (SM) RM6.60 (SS) Berfungsi untuk mengubati luka dalam badan seperti perempuan lepas bersalin atau baru lepas menjalani pembedahan. (MAL:19991973T)</p>

Exhibit 5 (Cosmetic Product) (<http://mypenawar.tripod.com/kosmetik.htm>)

PRODUK KOSMETIK



<p>Bedak Resdung</p>  <p>Harga RM5.00 (SM) RM5.50 (SS) Mengubati kulit bermasalah seperti penyakit resdung, jerawat, tumpuk-tumpuk hitam serta gatal-gatal dimuka, ruam panas, kelopak garam, kayap dan lain-lain.</p>	<p>Penawar Resdung</p>  <p>Harga RM5.00 (SM) RM5.50 (SS) Melegakan penyakit Resdung, Jerawat, Tumpuk Hitam, Gatal, Ruam Panas, Kelopak Garam, Kayap, Sakit Gigi, Selsema, Hidung Berdarah, Serawan Mulut, Batuk, Gatal Kerongkong, Buasir, Kaki Berair, Cacing Ruman.</p>
<p>Minyak Rambut Herba</p>  <p>Harga RM5.00 (SM) RM5.50 (SS) Menghitam dan melebatkan rambut, mencegah keguguran rambut, menghilangkan kelemumur, melembutkan rambut supaya mudah diurus serta rambut cantik beralun, menyejukkan kulit kepala, mengharum dan mengilatkan rambut.</p>	<p>Losyen Anti Jerawat</p>  <p>Harga RM5.00 (SM) RM5.50 (SS) Di rumus dengan menggunakan herba tradisional yang neutral, lembut dan sesuai untuk kulit bermasalah spt jerawat, bintik hitam di muka, disamping menghalus, mencantik dan melicinkan kulit muka.</p>
<p>Syampu Badan</p>  <p>Harga RM7.00 (SM) RM7.70 (SS) Membersihkan badan, menghilangkan bau badan, dan meyegarkan badan sepanjang hari.</p>	<p>Pembersih Herba</p>  <p>Harga RM6.00 (SM) RM6.60 (SS) Di rumus dengan menggunakan herba tradisional untuk membersihkan bahagian sulit wanita tanpa meninggalkan sebarang kesan sampingan.</p>
<p>Syampu Rambut Herba</p>  <p>Harga RM7.00 (SM) RM7.70 (SS) Rumusan tradisional khusus untuk membersihkan serta menjaga rambut anda, rambut menjadi lembut, berseri, harum serta mudah di urus.</p>	<p>Bedak Talkum Nabila</p>  <p>Harga RM4.50 (SM) RM5.00 (SS) Mengharumkan serta menyegarkan badan. Terdapat Empat Haruman & Warna - Biru, Merah, Hijau, Oren</p>
<p>Krim Rambut Gamat</p>  <p>Harga RM6.00 (SM) RM6.60 (SS) Menghitamkan dan melebatkan rambut, mencegah keguguran rambut, menghilangkan kelemumur, menyejukkan kulit kepala, mengharum dan mengilatkan rambut.</p>	<p>Ubat Gigi Gamat</p>  <p>Harga RM8.00 (SM) RM8.80 (SS) Mencegah bau mulut, menahan pendarahan gusi, mencegah penyakit gusi, merapatkan gigi, mencegah karies, melarutkan plak, mencegah air liur basi dan memelihara kesihatan gigi.</p>
<p>Sabun Gamat</p>  <p>Harga RM3.00 (SM) RM3.30 (SS) Melembutkan serta menghaluskan kulit badan dan melegakan penyakit kulit, terdapat dalam 3 haruman & warna - Hijau, Kuning, Merah</p>	<p>Sabun Gamat Habbatus Sauda</p>  <p>Harga RM10.00 (SM) RM11.00 (SS) Sabun Gamat H.Sauda di rumus khas dari pati gamat dan habbatus sauda khusus untuk memberi kesegaran kepada kulit, melicinkan dan menghaluskan serta mengekalkan kejelitan wajah disamping merawat penyakit kulit dan bau.</p>

Pil Susu Kambing



Harga RM10.00 (SM) RM11.00 (SS)
Merupakan makanan bernutrisi, mudah dicernakan, kaya dengan kalsium, zat besi, natrium, kalsium, vitamin A, B1 dan B2 yang mana ianya hampir dengan susu ibu.

Sabun Gamat Susu Kambing



Harga RM10.00 (SM) RM11.00 (SS)
Dirumus dari pati gamat dan susu kambing yg diperkaya dengan ramuan-ramuan terpilih untuk mengekalkan awet muda, melembutkan & mencantikkan kulit, memberi kesegaran badan serta merawat kulit pecah.

Pembersih Lidah Buaya



Harga RM10.00 (SM) RM11.00 (SS)
Mampu membersihkan kulit daripada segala kekotoran yang menyumbat pori-pori wajah dan leher menjadikan kulit lembut, segar dan sihat.

Penyegar Lidah Buaya



Harga RM10.00 (SM) RM11.00 (SS)
Bertindak meringkaskan pori-pori kulit serta menghidupkan kembali kulit wajah yang tidak bermaya, gunakan Penyegar Lidah Buaya selepas membasuh dengan Pembersih Lidah Buaya.

Krim Penegang Payudara Delima Pagi



Harga RM25.00 (SM) RM27.50 (SS)
Krim ini bertindak secara aktif dengan menyerap dan menegangkan sel-sel longgar pada payudara.

Krim Pelansing Jelita Ayu



Harga RM25.00 (SM) RM27.50 (SS)
Krim ini kaya dengan haruman yang lembut bertindak untuk membakar lemak-lemak yang berlebihan dibawah lapisan Epidermis.

Krim Pembersih Muka Nisa



Harga RM6.00 (SM) RM6.60 (SS)
Krim ini berkesan menanggalkan kesan solekan dan kekotoran, membersihkan muka yang berminyak sesuai untuk semua jenis jenis kulit

Krim Pemutih Kulit Salju



Harga RM12.00 (SM) RM13.00 (SS)
Krim ini bertindak 3 dalam 1 iaitu sebagai Pelembab, Pelindung Pancaran U.V dan pencerah kulit, juga mempercepatkan sel-sel baru di kulit muka.

Penawar Slimming Gel



Harga RM30.00 (SM) RM33.00 (SS)
Mengeluarkan Lemak didalam badan, mengelakkan kekeringan pada kulit serta melicinkannya.

Krim Seri Gamat (MAL:20001500T)



Harga RM6.00 (SM) RM6.60 (SS)
Di gunakan secara tradisional untuk mengubati luka-luka kecil, melecet, gigitan serangga, gatal-gatal dan melecur ringan.

Exhibit 6 (Oily and Balm Product) (<http://mypenawar.tripod.com/minyak.htm>)

PRODUK MINYAK & BALSAM



<p>Minyak Seri Kayu Putih (MAL:20031860T) Harga RM5.50 (SM) RM6.00 (SS) Di gunakan secara tradisional untuk melegakan sakit sendi dan otot, sakit lutut, sakit kepala, disengat serangga dan kembung.</p>	<p>Balsam Cengkih (MAL:19992489T) Harga RM3.00 (SM) RM3.30 (SS) Di gunakan secara tradisional untuk melegakan senak, kembung perut, pening kepala, pitam, lenguh-lenguh sendi, kebas kaki dan tangan.</p>
<p>Minyak Kayu Merah (MAL:19972454T) Harga RM5.00 (SM) RM5.50 (SS) Di gunakan secara tradisional untuk melegakan kembung perut, gatal-gatal ringan dan gigitan serangga.</p>	<p>Balsam Seri Pala (MAL:20000631T) Harga RM3.00 (SM) RM3.30 (SS) Di gunakan secara tradisional untuk melegakan lenguh-lenguh sendi dan otot serta gatal gigitan serangga.</p>
<p>Minyak Seri Gamat (MAL:19991636T) Harga RM5.00 (SM) RM5.50 (SS) Di gunakan secara tradisional untuk melegakan luka ringan, sakit sendi, gatal-gatal ringan dan sakit perut.</p>	<p>Balsam Serai (MAL:19991974T) Harga RM3.00 (SM) RM3.30 (SS) Di gunakan secara tradisional untuk melegakan lenguh-lenguh sendi dan otot serta melegakan muntah ringan.</p>
<p>Minyak Seri Pala (MAL:19992280T) Harga RM5.00 (SM) RM5.50 (SS) Di gunakan secara tradisional untuk melegakan lenguh-lenguh sendi dan otot, gatal gigitan serangga, sakit kepala dan kembung perut.</p>	<p>Balsam Gamat (MAL:19991972T) Harga RM3.00 (SM) RM3.30 (SS) Di gunakan secara tradisional untuk melegakan lenguh-lenguh sendi dan otot, sakit perut dan kembung.</p>
<p>Minyak Seri Serai (MAL:19992281T) Harga RM5.00 (SM) RM5.50 (SS) Di gunakan secara tradisional untuk melegakan sakit gigi, lenguh-lenguh sendi, luka ringan dan sakit perut.</p>	<p>Balsam Halia (MAL:19992486T) Harga RM3.00 (SM) RM3.30 (SS) Di gunakan secara tradisional untuk melegakan senak, pening kepala, lenguh-lenguh sendi, kebas kaki dan tangan.</p>
<p>Minyak Munasir (MAL:20033649T) Harga RM10.00 (SM) RM11.00 (SS) Di gunakan secara tradisional untuk melegakan penyakit buasir lama dan baru.</p>	<p>Minyak Cengkih Harga RM5.50 (SM) RM6.00 (SS) Di gunakan secara tradisional untuk melegakan kembung perut, sakit kepala, sakit sendi dan otot.</p>
<p>Minyak Nikmat Malam Harga RM12.00 (SM) RM13.00 (SS) Merangsang Keupayaan Seks, Menambahkan Tenaga, Memberi Kepuasan semasa Hubungan Kelamin, Melancarkan perjalanan Air Kencing dan melambatkan keluar air mani.</p>	<p>Minyak Belacak (Lelaki) Harga RM12.00 (SM) RM13.00 (SS) Merangsang keupayaan seks, menambahkan tenaga, memberi kepuasan semasa hubungan kelamin, melancarkan perjalanan air kencing dan melegakan sakit urat saraf.</p>

Exhibit 7 (Herbs Medicine Product) (<http://mypenawar.tripod.com/ubatan.htm>)

PRODUK UBATAN HERBA



Harga RM16.50 (SM) RM18.00 (SS)

Harga RM16.50 (SM) RM18.00 (SS)

<p>Herba Seri Guna (MAL:20001501T) Di gunakan secara tradisional untuk mengubati kesakitan dan panas badan, melancarkan pembuangan air kencing, resdung dan melancarkan perjalanan darah.</p>	<p>Femi Herbs II Kapsul (MAL:19992642T) Digunakan secara tradisional untuk mengubati keputihan, memudahkan perjalanan haid, mengeluarkan angin dalam badan, senggugut, sakit pinggang dan keletihan dalam badan.</p>
<p>Herba Munasir Kapsul (MAL:19990718T) Digunakan secara tradisional untuk mengubati sembelit</p>	<p>Femi Herbs Kapsul (MAL:19992488T) Digunakan secara tradisional untuk mengubati keputihan dan melancarkan darah.</p>
<p>Herba Karbat Kapsul (MAL:19992487T) Digunakan secara tradisional untuk melancarkan pembuangan air kecil.</p>	<p>Herba Sendaout Kapsul (MAL:19986593T) Digunakan secara tradisional untuk mengubati sakit sendi & gout.</p>
<p>Herba Srinilas Kapsul (MAL:19986594T) Digunakan secara tradisional untuk perempuan lepas bersalin, melancarkan perjalanan darah dan mengembalikan keceriaan ibu-ibu selepas bersalin.</p>	<p>Herba Salirat Kapsul (MAL:19986596T) Di gunakan secara tradisional untuk mengubati sakit urat, sakit pinggang, sakit lutut, lenguh-lenguh dan kebas kaki.</p>
<p>Slimway Herbs (MAL:19992643T) Digunakan secara tradisional untuk melawaskan pembuangan air besar dan mengurangkan berat badan.</p>	<p>Kapsul Tongkat Ali Plus (MAL:19972403T) Digunakan secara tradisional untuk melegakan sakit pinggang dan menambah tenaga.</p>
<p>Kapsul Resdung Langkawi (MAL:19986293T) Digunakan secara tradisional untuk melegakan gejala-gejala akibat resdung seperti gatal-gatal pada hidung dan kepala serta melegakan bersin.</p>	<p>Herba Rangin (MAL:19990717T) Di gunakan secara tradisional untuk melegakan angin dalam badan dan melancarkan perjalanan darah.</p>
<p>Herba Seri Idaman (MAL:20032297T) Digunakan secara tradisional untuk melancarkan haid, melegakan keputihan dan gatal-gatal ringan, menyihatkan rahim selepas melahirkan anak, melegakan senggugut dan letih lesu.</p>	<p>Herba Seri Perkasa (MAL:20033574T) Digunakan secara tradisional untuk memulihkan tenaga dan kesihatan lelaki, melegakan sakit pinggang, sakit belakang, menguatkan otot, menguatkan tulang dan melawaskan pembuangan air kecil.</p>
<p>Serbuk Ubat Manis (MAL:19972453T) Digunakan secara tradisional untuk melancarkan perjalanan darah dan air kencing.</p>	

Maajun Gamat (MAL:19973255T)

Harga RM6.00.00 (SM) RM6.60 (SS)

Digunakan secara tradisional untuk melegakan sakit-sakit ringan pada otot dan sendi, melegakan sembelit dan menambah tenaga.

Maajun Belacak Plus (MAL:20001499T)

Harga RM12.00 (SM) RM13.00 (SS)

Digunakan secara tradisional untuk melegakan sakit pinggang, sembelit ringan dan menambah tenaga lelaki.

Penawar ini telah menunjukkan kesan yang memberangsangkan bagi menghilangkan punca-punca kencing manis. Ianya mengandungi bahan-bahan asli dan semulajadi yang dirumus khusus supaya bertindak dengan lembut dan berkesan. Tidak mempunyai bahan tambahan atau bahan tiruan. Ianya selamat diminum dan tidak mempunyai kesan sampingan yang negatif.

Jus yang secara semulajadi ini dapat membantu memperbaiki punca penyakit. Dihasilkan melalui kajian dan pembangunan yang mendalam sejak sekian lama.

Diformulasikan daripada herba terpilih tempatan serta gamat. Ianya dapat memberikan keunikan dan kepuasan kepada pesakit Diabetes. Ia memberikan penyerapan pantas ke dalam sel badan dan sekaligus membantu perkara-perkara berikut:

- * Membantu mencernakan glukos dan membenarkan glukos dalam darah menembusi dinding-dinding sel
- * Membantu mengaktifkan sel-sel
- * Membantu meningkatkan tahap oksigen di dalam badan
- * Membantu mengembalikan tenaga dalaman (tenaga batin)
- * Membantu memulihkan rasa kebas pada kaki dan tangan
- * Membantu mengembalikan deria rasa pada kaki dan tangan
- * Membantu memulihkan luka kronik akibat kencing manis
- * Membantu memperjelaskan penglihatan yang kabur

TAHAP GLUKOSA DALAM DARAH			
Waktu	Ideal	Diterima	Pengidap
Sebelum Sarapan	3.5 - 5.3	3.9 - 7.8	> 7.8
Sebelum Makan Tengahari	3.5 - 5.8	3.9 - 7.8	> 7.8
2 Jam Selepas Makan	4.4 - 6.7	4.4 - 10.0	> 10.0
2 - 4 Jam (Selepas Makan)	> 3.9	> 3.9	

PANDUAN MINUM		
Kurang dari 12 mmol/L	1 kali sehari	50 ml (setiap kali minum)
Lebih dari 12 mmol/L	2 kali sehari	50 ml (setiap kali minum)

LARANGAN

Disyorkan Tidak Mengambil

- * Minuman yang mengandungi gula berlebihan dan bergas
- * Makanan berminyak dan berlemak
- * Kulit ayam dan lemak daging
- * Makanan berkanji
- * Semua jenis buah-buahan (kecuali Sunkist & Epal Hijau)
- * Serbuk perasa
- * Semua jenis susu
- * Ikan bersengat (sembilang, seludu, patin, keli, pelotan dll)
- * Makanan laut (sotong, udang & ketam)
- * Sayur bayam dan asin-asin (pucuk manis)
- * Alkohol

Exhibit 8 (Advertising in local newspaper)

(<https://www.facebook.com/rojamhqalorsetar/photos/a.1692822897599949.1073741830.1572383336310573/1692831400932432/?type=3&theater>)

EXHIBIT 9 (TESTIMONIAL) (<http://aurasaira.blogspot.my/2014/07/rojam-testimoni.html>)



SEBELUM **SELEPAS**

Abd Rahman Abdullah
63 Tahun, Taiping, Perak

Beliau telah mengidap kencing manis lebih dari 10 tahun. Akibat daripada penyakit ini, dia merasa lesu, letih dan kerap terbangun malam untuk buang air kecil. Selain itu, kedua-dua belah kakinya selalu terasa kebas dan mengalami luka serta badan dan pinggang terasa sakit. Kini, selepas mengamalkan Tonik Herba Gamat, beliau tidak perlu lagi bangun malam untuk membuang air kecil, kebas kaki turut berkurangan dan lukanya mengering. Kini, penyakit kencing manisnya sudah boleh dikawal dan lebih baik dari sebelumnya.



SEBELUM **SELEPAS**

Othman Omar
46 Tahun,
Kangar, Perlis

Mengidap kencing manis kronik sejak 4 tahun lalu. Bermula dengan luka di jari kaki, 3 hari kemudian keseluruhan kaki telah dijangkiti dan menjadi hitam. Doktor menasihatkan supaya dipotong di bahagian paha. Othman telah mohon keluar hospital dan terus berubat secara tradisional dan mengambil Tonik Herba Gamat. Beberapa hari sahaja kaki yang dijangkiti telah mengeluarkan bisa, nanah dan darah yang busuk. Seminggu kemudian keseluruhan luka pada kakinya kering dan beransur sembuh. Lantas kakinya tidak perlu dipotong. Sejak dari itu dia terus mengamalkan Tonik Herba Gamat. Beberapa bulan kemudian keseluruhan kakinya telah sembuh sepenuhnya. Kini boleh berjalan seperti biasa, tidak perlu lagi menggunakan tongkat dan bacaan gula kembali normal.



SEBELUM **SELEPAS**

Hassan bin Hj. Abdullah
63 Tahun,
Kuantan, Pahang

sejak 6 tahun yang lalu merasakan hidupnya tidak bermakna lagi apabila keseluruhan tapak kaki kirinya telah dijangkiti kuman. Ini bermakna beliau terpaksa menjalani pembedahan memotong anggota kakinya sehingga ke paras betis. Terlintas di hatinya untuk menghubungi saudaranya di Kedah yang juga mengidap penyakit yang sama. Mendengar cerita dan pengalaman berubat secara alternatif dengan hanya meminum Tonik Herba Gamat, terus menarik minat Hassan untuk mencubanya. Hassan dengan penuh keyakinan terus pulang ke Kedah dan berjumpa saudaranya untuk berubat secara alternatif. Setelah dua botol mencuba Tonik Herba Gamat, Hassan dapati luka di kakinya makin sembuh, isi sudah pun tumbuh, kebas di kaki berkurangan, tenaga semakin pulih, tidak rasa letih dan tidak kerap buang air. "Bayangkan selama beberapa bulan saya hanya terlantar di atas katil, kini saya sudah boleh bangun dan cuba berlatih berjalan. Saya sarankan supaya pesakit kencing manis yang masih di peringkat awal jangan ragu-ragu untuk mengamalkan Tonik Herba Gamat ini selain itu ia juga mampu memberi tenaga zahir dan batinnya yang luar biasa kepada pengamalannya", katanya.

Exhibit 10 (Members Application Form)

(<http://mypenawar.tripod.com/images/BorangAhli.JPG>)



PENAWAR INDUSTRIES SDN BHD

(No. Syarikat : 414528X/AJL No : 931013)

Lot 292, Jln Shahab 1, Shahab Perdana, Jln Sultanah Sambungan, 05150 Alor Setar,

Kedah Darul Aman. Tel : 04-7340957, 7326019, 7326043 Fax : 04-7346243

E-mail : rojam@pc.jaring.my

BORANG PERMOHONAN MENJADI AHLI

Nama Pemohon :

No Kad Pengenalan: Baru : Lama :

Jantina : Lelaki/Perempuan Tarikh Lahir :

Alamat Rumah : Poskod.....

No Tel Rumah : No Tel Tangan :

Alamat Pejabat : Poskod.....

No Tel Pejabat :

Nama Suami/Isteri :

No Kad Pengenalan: Baru : Lama :

Dengan ini saya sertakan bayaran yuran ahli sebanyak RM20 dalam bentuk (Draft Bank/ Cek/ Wang Pos) di atas nama Penawar Industries Sdn Bhd dan saya mengaku bahawa segala keterangan di atas adalah benar. Saya sanggup mematuhi syarat-syarat perantikan sebagai Pendedar Penawar Industries Sdn Bhd.

Tarikh : Tandatangan Pemohon :

BUTIR-BUTIR PENAJA

Nama :

No Kad Pengenalan: Baru : No Ahli :

BUTIR-BUTIR STOKIS

Nama :

No Kad Pengenalan: Baru : No Ahli :

***** KIT dan KAD ke AHLI *****

UNTUK KEGUNAAN PEJABAT

Kod Ahli : Kod Penaja :

Kod Stokis/Sub Stokis :

Tarikh Di terima : Di urus oleh :

ISSUES, CHALLENGES, AND SOLUTIONS TO IMPROVE CUSTOMER SATISFACTION OF KEDAH PUBLIC LIBRARY

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INTRODUCTION

There are several types of library such as academic library, corporate library, government library, private library, school library, special library and public library. A public library is a library that is open to the public and generally funded by taxes of the municipal, state or federal level (New World Encyclopedia, 2015). The New World Encyclopedia also addressed that public library typically is lending library, allowing users to borrow books and other materials. It also has a non-circulating reference collection, and usually focuses on popular material such as fiction and movies, as well as educational and nonfiction materials of interest to the general public.

Standing as a public library, Perbadanan Perpustakaan Awam Kedah or Kedah Public Library (PPAK) is a part of the largest network of community organizations that are committed to improving the life outcomes for communities. PPAK received the mandate from the state government to serve the general information for public needs, as well as the mandate to serve a specific user such as school, higher education institution, researchers, and State Assembly. Therefore, PPAK reflects the socio-economic and educational status of the country and the society it is located (Perbadanan Perpustakaan Awam Kedah (PPAK), 2017). Thus, the significant attributes of PPAK is their ability to support a broad mission that can appeal to communities. Public libraries are in the perfect place to support connected learning because they are built on a solid foundation of choice—in libraries, communities have been able to choose what they want to read, explore, or participate in. A contemporary library must support four goals: experience, empowerment, involvement, and innovation (State Library Victoria, 2017).

Meanwhile, according to Brandon Schauer (cited by Steven Bell (2007), an experienced designed director for Adaptive Path, the Wow Factor “is a means to achieve long-term customers’ loyalty through systematically impressing your customers again and again. Going a step beyond just measuring loyalty, the long way is an experience-centric approach to fostering and creating it. In addition, the advent of technology opens a new challenging dimension for PPAK to provide efficient and effective information delivery systems in order to support and fulfill the user needs. Therefore, Mr. Shahizan, an acting Director of PPAK believed any feedback and comments from all users are will be the key ingredients and encourage PPAK to work for the betterment and excellence of PPAK in the future.

Kedah State Library Background

Kedah, the northernmost state of Malaysia is located immediately south of Thailand, has an area of 9,426 sq. km. Popularly known as the ‘Rice Bowl of Malaysia’, Kedah is Malaysia’s biggest producer of paddy. The most common sight in the state is vast tracts of paddy fields backed by undulating mountains. Perbadanan Perpustakaan Awam Kedah (PPAK) or Kedah Public Library located at the center of Kedah. According to Rashid (2011), the history of the State Library dates back 45 years ago when a committee was formed to establish a public library. But it was only in 1960 that the state government approved RM\$45,000 for the establishment of a state library. On 30th September 1961, H.R.H. The Sultan of Kedah officially opened the Alor Setar Public Library. The rapid growth of the State Library began on 25 April 1972 when the State Legislative Assembly passed Enactment 7, 1972 which provided for a Kedah State Library Corporation to be formed. This Enactment came into effect on 1 January 1974 through a Government Gazette issued on 20 May 1976.

The Alor Setar Public Library was opened on 1 September 1974 when the Corporation took over the library which was formerly run by the local town council. The total book volume is 46,979 and the total number of registered members is 27,200. The library is strategically located near a school, bus station and government offices. Currently, PPAK has enough staff to manage the library. The PPAK gives service for local, as well international users or researchers. But the most are local users or researchers. They are the members of the regional public university and private university, individual and local government agencies.

In general, the objectives of the PPAK are as follows:

- a) Establish, manage and maintain the State Public Library and branch libraries throughout the country.
- b) Establishment and maintenance of mobile library and the library.
- c) Take over any existing libraries in the country with the consent of the administration of the library.
- d) Develop and promote reading, especially in Bahasa Malaysia.

PPAK provides seven fundamental services. The details are as the following and each section has its own special services.

- i) Circulation
- ii) References
- iii) Kedah Collections
- iv) Multimedia/Media
- v) Special Collection
- vi) Lincoln Corner
- vii) Kelab Sinar Pintar Bayan Budiman.

PPAK is headed by a Director. It has two main sectors: Administrative and Planning Sector, and Library and Information Services Sector. To meet the goals of PPAK mission and objectives, both professional (librarian) and supportive staff are ready in PPAK. The structure of PPAK as attached (appendix 1).

Currently, the PPAK library collection is approximately 906,339 collections in the entire library in Kedah and about 131,515 collections of materials are in PPAK. An average 17,908 people were visiting PPAK every month. PPAK allows users to borrow books or other materials for certain numbers and a period of time. Since its establishment, the PPAK has been well aligned with the vision of the Kedah State Government. PPAK has 116 service centers as depicted in table 1

Table 1: Numbers of Libraries

Type of Library	Number of Library
State Library/Centre	1
District Libraries	13
Rural Libraries	40
Rural Libraries (National Library of Malaysia)	57
Mobile Libraries	5
Total	116

Issues and Challenges

Public libraries can play a significant role in improving the quality of life of rural population (Islam & Ahmed, 2012). However, the issues and challenges continuously occurred and debated. Ahmed and Shoeb (2009) stated that the quality of library services has traditionally been measured by its collection size and various counts of its users, but it has long been argued that users must be involved in the evaluation process in order to obtain valid and acceptable results. Meanwhile according to Passonneau (2013), ISO 11620 standard listed four categories of quality in library: the first area – : Resources, Access and Infrastructure” – measures the adequacy and availability of library resources and services, Use” looks at the usage of resources and services, : Efficiency” examines the

competence or cost of processes. : Potentials & Development” provides measures for focusing on emerging service or resource areas.

In another perspective, although mostly understood, public libraries always play an important role in the lives of communities, the discussions at the national, as well international level about public library service consistently increase. However, there has not many studies investigate public library quality service with the application of Kano model. Furthermore, the public library like PPAK is no longer simply a quiet place to connect to physical content. Oppositely, it is a physical and virtual place where users learn how to connect and use resources for physical and electronic. In order to understand how the users accept their services, PPAK has been conducting user satisfaction survey in 2015. The data were collected using the questionnaire survey based on 5 Likert scales. The scale indicates ‘Very Good’, 4 ‘Good’, 3 ‘Satisfactory’, 2 ‘Satisfactory’, and scale 1 is ‘Unsatisfactory’.

This study has set three objectives, namely: (i) measuring the level of customer satisfaction with the services and facilities provided by the library, (ii) studying the relationship between library service performance and consumer satisfaction, and (iii) suggestion how to improve the library services. This study focuses only on three categories of services: the collection of materials, services and library staff. In other words, PPAK measures the value of the library services through the impact its services to the user satisfaction. According to an analysis of the 2015 survey data, the results completed show that the performance of PPAK services is at a satisfactory level. Respondents have also proposed some idea or suggested some problems they are facing while visiting the PPAK.

On May 15, 2016, Mr. Shahizan Affandi Zakaria was appointed as Acting Director of PPAK. He is committed to continuing his efforts to achieve the mission of the PPAK. However, by using this common survey method, the findings can only be described descriptively. But he has no idea how to conduct a study by using a tool that is really accurate to answer all the questions that he plays in his mind. Therefore, to answer these questions, improvements to content based on the Kano Model is particularly appropriate.

At the same time, Mr. Shahizan also aware that PPAK is a dynamic organization which is providing a dynamic service to their users. Therefore, once evaluating the quality of library services, one must have clearly understood the issues relevant to service quality assessment in the library and subsequently understand what are the relevance of library service dimensions. Consequently, to align PPAK library quality of service assessment for effective reporting of library value and performance to its users and stakeholders, this paper focus on seven service categories: easy to access (DIM1), service is compatible (DIM2), effectiveness of services (DIM3), efficiency of services (DIM4), the service reliable (DIM5), provide the right services (DIM6), and the competency of staff (DIM7). It is the right time to explore the future of PPAK services to communities and to reaffirm the right services to all communities with the unique model, called Kano Model.

Kano Model

The Kano model is a theory of product development and customer satisfaction developed in the 1980s by Professor Noriaki Kano, a student of Kaoru Ishikawa (Coleman, 2015). Kano's model also known as the theory of attractive quality and presents five quality attributes of dimensions on the basis of the relationship between the degree of sufficiency of a given quality attribute horizontal axis and customer satisfaction with that quality attribute in vertical axis to illustrate that product or service quality customer perceived and customer satisfaction are multi-dimensions (Lai & Wu, 2011). For clear understanding the Kano's model is depicted in Figure 1 below.

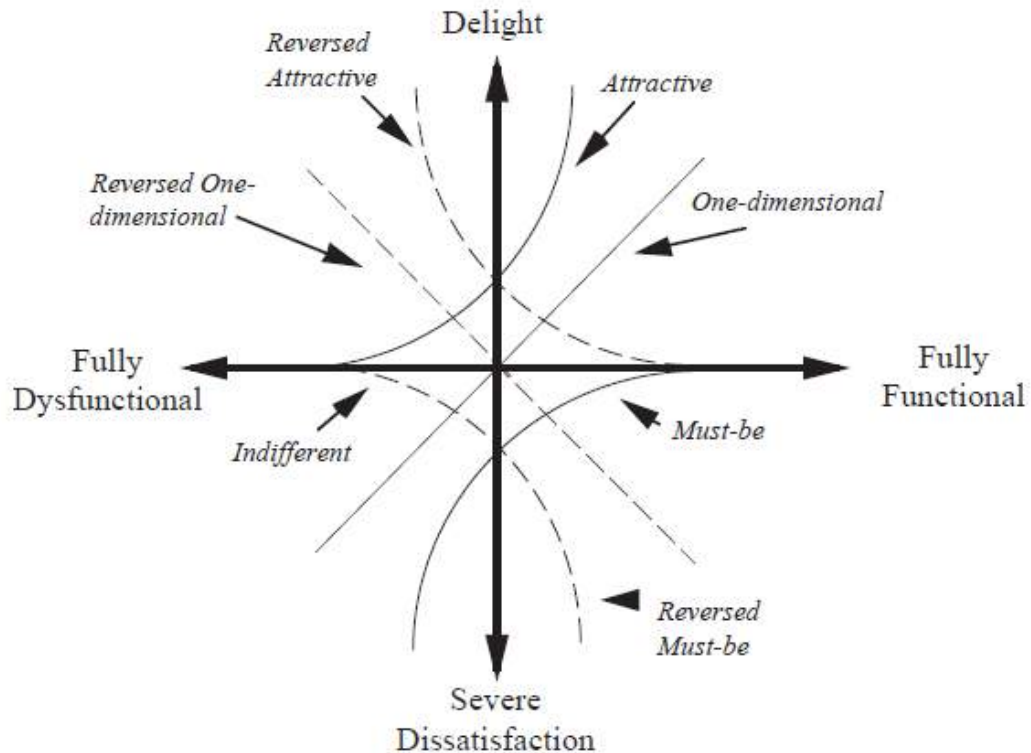


Figure 1: Kano's model of customer satisfaction

Source : Lai and Wu (2011)

The Kano model is a tool for visualizing the relationship among product or service features in a meaningful way (Schafield, 2016). According to Dominici and Palumbo (2015) Kano model is used to find and estimate the quality perceived by customers/users of a product/service and the consequent satisfaction/dissatisfaction resulting from the discrepancy between perceived and expected quality. Originally, Kano model distinguish

three types of product requirements which influence customer satisfaction (Lai & Wu, 2011, Matzler & Hinterhuber, 1998). Meanwhile, according to Afsar, Feizi and Afsar (2010), achieving customer satisfaction effectively not only providing service which is match exactly what customers want, but also need to know how much effort is needed to meet customer expects from the service. Hence, understanding the product quality requirement is beneficial to improve quality. Therefore Kano Model is the best tool to help Mr Shahizan to understand PPAK quality service.

In another point of view, like so much in Lean philosophy, the Kano model is really a way of thinking that can be applied to everyday situations (Coleman, 2015). But, the obvious different is the traditional one-way quality model is focused on one particular quality element, which is indicated the relationship between customer satisfaction and quality elements is treated as linear (Zhu, Lin, Tsai & Wu, 2010). Therefore, using the traditional way to improve customer satisfaction, it is possible that the customer will not be satisfied with a certain quality element (Tan & Shen, 2000). As a conclusion, Kano's model provides an effective approach to categorizing the customer attributes into different types such as must-be, one dimensional and attractive quality requirements.

Developing Kano question for PPAK service requirements.

According to Matzler and Hinterhuber (1998), the first step for construction the Kano questionnaire is the product or service requirements determined. As introduced by Wiersma and Jurs (1990) once it is decided that a test is appropriate, it is necessary to plan the test so that it will provide the most useful information. Taking from this idea, this study considered that proposal. Thus, for the purpose of this study, the test or measurement instrument or Kano questionnaire is based on the *Academic Library Users Satisfaction (ALUS) model* developed by Taib and Warokka (2011) for measuring higher education library services in Malaysia. This close-ended questionnaire has two sections.. Section A contains questions to articulate the respondent background, such as nationality, race, gender, age, experience using the library, and the purpose of going to the library. Section B was allocated for the scale type questions using a Likert scale. By choosing one of five alternatives, PPAK users are requested to respond functional and dysfunctional scales simultaneously to indicate their satisfied level. Scale 1 is denoted as very highly dissatisfied, 2 is highly dissatisfied, 3 designates neutral, 4 is highly satisfied and 5 is very highly satisfied. The measurement instrument mainly applied 50 statements of seven dimensions in ALUS model referred to library service quality features (question items). Refer to Table 3.

Constructing Kano questionnaire

The process of developing Kano questionnaire required procedures. The most and important point is for each question or service feature or characteristic, a pair of questions must be formulated. The first question concerns the functional form of the question. The following question concerns the perception dysfunctional form of the question. For

example the first question “If the Online Library Catalog (OPAC) is easy to access” is functional or positive form of the question), and the second question “If the Online Library Catalog (OPAC) is NOT easy to access“ concerns a perception if the library does not provide have that service feature (called dysfunctional/negative form of the question – see Table 2). The idea how to formulate these questions is using Mazler and Hinterhuber (1998) with minor modification. A few more sample question was described in Table 3.

Table 2: Kano Model Constructing

Functional form of the question	If the Online Library Catalog (OPAC) is easy to access.	<ul style="list-style-type: none"> ▪ Very highly dissatisfied (1) ▪ Highly dissatisfied (2) ▪ Neutral (3) ▪ Highly satisfied (4) ▪ Very highly satisfied (5)
Dysfunctional form of the question	If the Online Library Catalog (OPAC) is NOT easy to access.	<ul style="list-style-type: none"> ▪ Very highly dissatisfied (1) ▪ Highly dissatisfied (2) ▪ Neutral (3) ▪ Highly satisfied (4) ▪ Very highly satisfied (5)

Source: Matzler, K. and Hinterhuber, H. H. (1998)

Table 3: Sample Questionnaire

A. PERKHIDMATAN MUDAH DIAKSES (DIM1)		Satisfaction Level				
1	Online Library Catalog (OPAC) is easy to access.	1	2	3	4	5
	Online Library Catalog (OPAC) is NOT easy to access.	1	2	3	4	5
2	Library website easy to reach.	1	2	3	4	5
	Library website NOT easy to reach.	1	2	3	4	5
3	Library staff easy to access and discussed.	1	2	3	4	5
	Library staff NOT easy to access and discussed.	1	2	3	4	5
4	Library's collections and services easy to access	1	2	3	4	5
	Library's collections and services NOT easy to access	1	2	3	4	5
5	Library facilities such as reading room, computer lab easy to access.	1	2	3	4	5
	Library facilities such as reading room, computer lab NOT easy to access.	1	2	3	4	5
6	Library information such as pamphlets, brochures, and information is easy to access.	1	2	3	4	5
	Library information such as pamphlets, brochures, and information is NOT easy to access.	1	2	3	4	5

Evaluation Kano Model

By combining two answers (functional/positive form of the question and dysfunctional/negative form of the question) in Kano questionnaire, the result will be plotted in Kano evaluation table (see Table 4) From this table, the service features can be

classified into five classical conditions- attractive, one dimensional, must be, indifferent and reverse or questionable. For example, the combination of very highly satisfy and very highly satisfied will be grouped in Questionable or reverse, the combination of very highly satisfy and highly satisfied grouped in Attractive, the combination of very highly satisfied and very highly dissatisfied will be grouped as one dimensional.

After the analyses with the classification technique (functional versus dysfunctional), DIM1, DIM2, DIM3 and DIM7 categorized as Indifferent quality attributes, and DIM5 and DIM6 categorized as attractive. Table 5, 6, 7, 8 and table 11 represent Indifferent category. Meanwhile Table 9 and 10 represent Attractive category.

Table 4: Kano evaluation table

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M
	Highly dissatisfied (2)	R	I	I	I	M
	Very highly dissatisfied (1)	R	R	R	R	Q

Source: Matzler, K. and Hinterhuber, H. H. (1998)

A= Attractive

O= One-dimensional / Linear

M= Must Be / Expected)

Q/R = Questionable/Reverse

I = Indifferent

Table 5: Evaluation Kano Model (DIM 1)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O

	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M
	Highly dissatisfied (2)	R	I	I	I	M
	Very highly dissatisfied (1)	R	R	R	R	Q

I= Indifferent

Table 6: Evaluation Kano Model (DIM 2)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M
	Highly dissatisfied (2)	R	I	I	I	M
	Very highly dissatisfied (1)	R	R	R	R	Q

I= Indifferent

Table 7: Evaluation Kano Model (DIM 3)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M
	Highly dissatisfied (2)	R	I	I	I	M

	Very highly dissatisfied (1)	R		R		R		R		Q	
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I= Indifferent

Table 8: Evaluation Kano Model (DIM 4)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M
	Highly dissatisfied (2)	R	I	I	I	M
	Very highly dissatisfied (1)	R	R	R	R	Q

I= Indifferent

Table 9: Evaluation Kano Model (DIM 5)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M

	Highly dissatisfied (2)	R	I	I	I	M
	Very highly dissatisfied (1)	R	R	R	R	Q

A= Attractive

Table 10: Evaluation Kano Model (DIM 6)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form of the question)	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M
	Neutral (3)	R	I	I	I	M
	Highly dissatisfied (2)	R	I	I	I	M
	Very highly dissatisfied (1)	R	R	R	R	Q

A= Attractive

Table 11: Evaluation Kano Model (DIM 7)

PPAK Service Requirements (Satisfaction)		Dysfunctional/negative form of the question				
		Very highly satisfied (5)	Highly satisfied (4)	Neutral (3)	Highly dissatisfied (2)	Very highly dissatisfied (1)
Functional/positive form	Very highly satisfied (5)	Q	A	A	A	O
	Highly satisfied (4)	R	I	I	I	M

Neutral (3)	R	I	I	I	M
Highly dissatisfied (2)	R	I	I	I	M
Very highly dissatisfied (1)	R	R	R	R	Q

I= Indifferent

Conclusion

As an Acting Director at PPAK, Mr Shahizan has a great responsibility to ensure that the services provided in the PPAK meet the needs and requirements of the users and satisfy them. Previously, user satisfaction survey applied one-dimensional method. However, with the use of the Kano Model in assessing the level of user satisfaction at PPAK, it is helped Mr. Shahizan to properly plan the improvement strategies more effectively and systematically. However, he has little difficulty understanding and conclusions based on the findings and tables produced using the Kano Model. Therefore, he and the staff of PPAK will be trained how to manage the Kano Model. By doing so, PPAK staff will learn, understand and analyze the results of the study correctly before making a better conclusion.

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The Himalaya Herbal success-mix: Product innovation and beyond

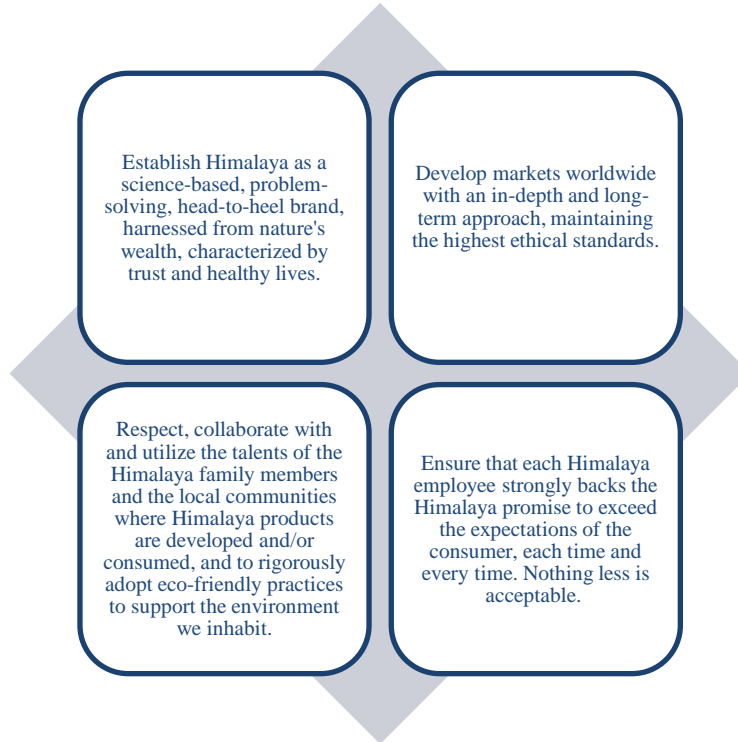
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The concept of wellness had always been deep rooted in Indian culture and got manifested in Indian lifestyle through natural and organic food items, natural dyed clothing, yoga, meditation, reuse and recycling. Indian households always had been relying on certain natural, herbal, home-made recipes for wellness and for the treatment of head-to-toe ailments. In the modern, fast-paced hectic lifestyle, and increasing consciousness of environmental and social sustainability, people looked for solutions that promise overall well-being. The Himalaya Drug Company had captured the essence and power of natural ingredients and had become a forerunner in the business of providing solutions to its customers in ways which are very convenient, practical and suitable to modern lifestyles and requirements. Innovative products offered under brand name Himalaya Herbals made the aspiration of a healthy mind and a healthy body possible. But, could product innovation alone be attributed for Himalaya Herbals unique value proposition? What other aspects of company philosophy and practices steered the Himalaya Herbal outlook? What other dimensions of innovation facilitated the sustained success of Himalaya Herbal's range of herbal formulations, from age-old solutions to remedies of modern-day problems?

The Himalaya Drug Company enjoyed the position of being India's largest research-based herbal company. It produced health care products under the name Himalaya Herbal Healthcare which was well-known across the globe for its gentle ayurvedic formulations. The company had a four-fold mission that was weaved around an agenda clearly states the company's essence - (i) Science-based research, (ii) World-wide presence maintaining ethical standards, (iii) Nurture Himalaya Herbal workforce, the local communities and the environment, and (iv) Employee commitment for customer satisfaction & delight.

Figure 1. The Himalaya Herbals mission



Source: Himalaya Herbals website

All the Himalaya Herbal Healthcare's products were natural and chemical-free and were unique combinations of modern science and research, and age-old concept of Ayurveda. 'Ayurveda' ('ayur' means 'life' and 'veda' means to know'), a traditional approach and process followed in ancient India, had become a world famous technique of curing human ailments and enhancing the overall well-being of mind and body through natural and herbal ingredients. The product range included a wide variety such as face care, body care, lip care, baby care, children's health, derma care, eye care, nutrition health, hand & foot care, health care (specializing into women's and men's sub-categories), oral care, animal care, pure herbs, general wellness, general health, and Himalaya for moms.

Figure 2. The Himalaya Herbal product range



Source: Himalaya Herbals website

Himalaya's love with nature

The company was founded in 1930 by Mr. M. Manal when he got fascinated by the anti-hypertensive properties of the plant *Rauwolfia Serpentina*. The concept of 'herbal drugs' emerged and it gave the company a unique image of being a herbal player in pharmaceutical segment. It started its operations in Dehradun, and then spread to Mumbai, followed by other parts of the country. During its journey from 1934 to the present times, 'Staying Herbal' has been the promise that the company decided to endorse. In 1934, Serpina, the world's first natural anti-hypertensive drug was launched. The drug had no side-effects as compared to its allopathic counter-parts. Its success strengthened the idea to research with herbal medicines extracted from plants in the natural state.

Research, Research and Researchalways at the core

Continuous research had been the most significant focal area of Himalaya. In 1940, Dr. Roshan Captain joined as Head of Research and Development and soon the first research team was constituted. Extensive research on herbal formulations and commendable generation of scientific materials and journals contributed to modern science. The research work also served as effective marketing tools for Himalaya and built up its credibility. As a result of extensive research in health care, Liv.52, a hepato-protective, was launched 1955. Liv.52 became the Himalaya's flagship brand and still continues to be a top seller. It was the only Indian herbal remedy to be ranked amongst the top ten best-selling medicines. In order to give more impetus to research, Himalaya set up a state-of-the-art Research & Development (R&D) center in Bengaluru, India in 1991. This center provided immense momentum to advanced research in herbal healthcare. Today, this R&D center comprised of more than 200 research scientists working on applying cutting-edge molecular biology and nanotechnology to research herbs. In the year 1998, the company forayed in the sphere of health and wellness of farm animals.

To touch new milestones in research with international perspective, Himalaya Global Research Centre (HGRC) was set up in 2014 at Dubai Science Park. This move enforced Himalaya's identity as a research driven organization and established its products as high quality products matching international standards. The center excelled in research work under the leadership of Dr. Rangesh as Chief Scientific Officer.

Family ownership.....professional management

Himalaya had always advocated a focused professional approach. The core management team comprised of experienced professionals. The Himalaya team was sincere, motivated and dedicated to uphold Himalaya business philosophy, values and principles. Since, it had been the company's culture to target the most challenging goals, the best amongst the breed were taken on board. Each member strived to contribute the best in Himalaya's high performance-oriented work culture.

In 1964, the company was joined by founder's son, Meraj Manal. A chemistry and Botany graduate, Meraj started learning processes from the shop floor to get hands-on experience. As Himalaya's formulations started gaining trust of doctors and were getting popular amongst the practitioners, Mr. Peter Karstein was called in as pharmaceutical consultant to assist in developing a more scientific approach to marketing and training the sales force in the art of product detailing. These times witnessed the emphasis of a strong field presence, building up of a culture of winning doctor prescriptions and orders using strong clinical evidence. Meraj Manal, taking charge of Himalaya's marketing division, grew Himalaya's business in India through introduction of new products, restructuring the field force and infusing a fresh thinking into the organization.

As Himalaya's international operations accelerated, Himalaya Global Holdings Ltd. (HGH) was set up in 2006. The aim was to separate family ownership from the professional management of the different operational hubs located in different parts of the world. These operational hubs, called The Himalaya Drug Company was developed as multiple, wholly-owned subsidiary companies in different geographic locations with independent professional management for each business unit while the ownership control was retained in the family.

In a foresighted move in 2007, Philippe Haydon was made CEO of Himalaya's pharmaceutical division to look after Himalaya's entire product portfolio in India. Philip had joined the company as a Medical Representative and his 37 years of dedicated attachment with the company has earned him rich experience. In the same year, Saket Gore, an FMCG veteran, was appointed to head personal care in India.

Philippe contributed in a very successful transformation of the pharmaceutical division. New SBUs were created for improved portfolio rationalization, new products were launched and new segments such as nutrition, prescription oral care and dermaticals were ventured into. Focus was laid on therapeutic segments and field force was increased and to promote the products to cardiologists, endocrinologists and dermatologists. Himalaya's heritage brands, Liv.52 and Cystone, were also revitalized. Himalaya got repositioned from a herbal company to a healthcare company and was now standing in direct competition with leading pharmaceutical brands. In 2009, Philippe took over Himalaya's baby care division and positioned it as a doctor-driven brand.

This increased the trust-worthiness of Himalaya products for parents as scientifically-developed and medically-prescribed formulations are preferred for babies. This proved to be a high-growth segment and within a short span of four years, brought Himalaya at second position in this product segment.

Saket took the personal care business to new heights. Many of Himalaya's personal care products were in top lead in India. Himalaya's personal care range was perceived by consumers as 'Innovative' and 'effective'. Purifying Neem Face Wash became the number one face wash brand in India, making Himalaya the second largest player in this category, with 18 percent market share. Himalaya stood at third position in the category of face packs and scrubs. Distribution network was widened to take Himalaya to leading supermarkets. The number of Himalaya's EBOs was increased, today at 118 in India. Stores were opened in premium hotels and airports. Today, Himalaya has 118 exclusive stores across India. As the Asian market was gaining importance, Saket was promoted as CEO of Himalaya Asia-Pacific in 2012.

In 2014 Himalaya set up two companies, Himalaya Global Ltd. (HGL) and Himalaya Wellness (Cayman) Ltd. (HWCL) employing a team of specialist professionals to provide various services including that of agency and investment to the parent company and subsidiaries. This move had further strengthened Himalaya's management arena. Shailendra Malhotra at Dubai was promoted as Global CEO consolidating new and currently served regions, other than India, under his leadership.

The year 2016 brought a new identity for Himalaya. A new logo was introduced, 'Himalaya, Since 1930', to create a unifying global identity for communicating, in simple yet powerful manner, Himalaya's rich legacy of credibility and trust over 85 years to the global consumer.

Expanding width and depth...new markets, new products

It was Meraj's dream to take Himalaya to the USA. Dietary Supplement Health and Education Act, implemented by The U.S. Food and Drug Administration (FDA) paved the way for entry of

Himalaya herbals in the USA. In 1994, Dr. Philip Duterme was hired to put the operations together. Packaging for the new range of products to be offered to the USA market was developed to attract the western consumer, and provide product information. In early 1996, Himalaya launched its range of Dietary Supplements in America.

In order to cater to diverse needs of the markets (both nationally and internationally), Himalaya's 'head-to-heel' product range was developed. The story began from Cayman Islands, a British Overseas Territory in the western Caribbean Sea. Meraj, married to a Caymanian girl, wanted to make use of the interesting opportunity of catering to a highly diverse audience consisting of large number of tourist from all over the world. Meraj, along with his wife, hand-delivered Himalaya products at different places to educate the tourists and local population, and popularized the wide range of Himalaya solutions in this unconventional way. Himalaya's exclusive store, appropriately called Store 1, was opened on March 12, 1996, in George Town, Cayman. It soon became a popular destination for pharmacy products. But customers who visited the store, frequently asked for soaps, shampoos, creams and lotions. Back then personal care segment was an unfamiliar domain but Meraj's thoughts had started wandering in this unexplored and highly competitive territory. Soon Himalaya's research team was directed to develop need-based personal care products, and this changed the future of the company. Personal care products were developed and offered to the Caymanian market. Continuous product improvement was done on the basis of customers' feedback. Soon, customers started asking for pet care products, and this led to Himalaya's research on animal health, adding another very diversified product category to its portfolio.

With the growth in demand for natural and herbal products in the U.S., a full-fledged office was established in Houston, Texas. In a revamped avatar, called the 'Care' range, Himalaya's therapeutic product range was launched the U.S. Products like LiverCare, JointCare and ImmunoCare gained huge popularity, bringing credibility of the entire product portfolio. Subsequently, Himalaya opened offices in Dubai, Singapore, Riga and Johannesburg.

After the success in Cayman, Himalaya launched 20 personal care products in India in 1999, under the brand 'Ayurvedic Concepts'. The increasing interest of consumers in natural and herbal

personal products proved as a bright opportunity for the Himalaya range. As it had established a high credibility in the pharmaceutical segment, Himalaya secured consumer acceptance in personal care space very quickly. Developed using herbal formulations backed with extensive research, the personal care product range was perceived by customers as another dutiful promise of a 'trust-worthy' brand. Affordable prices and captivating ad campaigns, portraying 'trust', 'age-old wisdom', 'herbal, 'ayurvedic', 'goodness of nature', 'scientifically developed', 'first to provide health and wellness solutions with no-side effects', established consumers' connection with the brand.

Having developed a few pet healthcare products for the Cayman market, in 1998, Himalaya formally launched a range of natural and safe drugs for commercial livestock. Based on feedback from cattle and poultry owners who expressed a desire for herbal feed supplements, Himalaya entered this segment with a complete range of herbal formulations to improve the health of farm animals. In 2000, Himalaya extended the animal health range and launched a special herbal 'Companion Care' range for pets in the year 2000. Veterinarians, farmers, dairy farmers and animal lovers increasingly opted for Himalaya's animal health products for their natural ingredients, safety and efficacy.

In 2000 Himalaya eyed the Middle East market. Shailendra Malhotra took control of Himalaya's Middle East operations. Shailendra Malhotra joined Himalaya in 2000 as head of the Middle East operations. Office was set up in Dubai. Himalaya's flagship products, Liv.52 and Cystone were launched and with this Himalaya became the first Indian pharmaceutical company to be registered with the Ministry of Health in the United Arab Emirates (UAE). Himalaya also became the first Indian company to have products at the Dubai Duty Free in 2004. In 2003 Himalaya launched its single herb formulations called Pure Herbs aimed at providing its customers internal wellness. The same year Himalaya received the ISO 9001:2000 certification for the design, manufacture and marketing of herbal healthcare products.

In 2004, Himalaya entered the baby care segment with a range of herbal personal care products that had the promise to be safe, gentle and effective for babies. Mothers who were themselves as children raised on Bonnisan and Septilin, enthusiastically adopted this new line of baby products. While the pharmaceutical segment was growing, Himalaya's personal care range also showed a

massive growth and gave tough competition to leading national and international personal care brands. In 2009, Himalaya was ranked number one in the face wash category and as one of the top three brands in face masks and scrubs. With Himalaya's success in the Middle East, the company expanded its wings to Kenya and Uganda by launching its pharmaceutical product range. Himalaya opened three offices in Africa - Johannesburg in South Africa, Lagos in Nigeria and Cairo in Egypt and launched its personal care range in Kenya, Uganda South Africa and Tanzania. In 2008, Himalaya expanded business to in the European market. Soon Himalaya became a well-known herbal brand in the Central and East European countries. Countries like Latvia, Lithuania and Estonia have a high demand for lip care, face cleansing and oral care. Hungary is an important market for face cleansers and toothpastes. In 2012, Himalaya flew to Russia and the Commonwealth of Independent States (CIS). Shailendra was handling the expansion efficiently. Today, Himalaya is a favourite brand in in 68 countries in Europe, the Middle East, CIS and Africa.

The year 2013 was another important milestone for the company as the manufacturing of Himalaya products started in Dubai. Being a very technologically-advanced facility, the Dubai unit led to increased supply-chain efficiency cost competitiveness. After entering Netherlands and Italy, the company focused on developing markets in Western Europe, Germany and Finland.

In 2004, Nabeel Manal, the founder's grandson joined the company. Raised in the USA, Nabeel understood the local consumers and launched a new line of body care products called Botanique, made with organically grown active ingredients. Botanique received the prestigious Whole Foods Premium Body Care Certification, the highest mark of quality and cleanliness in personal care products. Nabeel also launched a range of 24 single herb formulations, of which 19 are organically certified by the United States Department of Agriculture (USDA). Himalaya's organic range was getting wide acceptance. The organic toothpaste and body lotion were featured in Whole Foods's top selling products. The toothpaste also won the 2013 Taste for Life Personal Care Essentials Award.

Himalaya turned seventy-five in 2005. With a presence in more than 90 countries and a range of over 200 products, Himalaya's brand of 'Contemporary Ayurveda' now reaches out to millions of customers, making their lives healthier and happier!

In 2006, Himalaya received the ISO 14001:2004 certification - the most recognized standard, globally, for environment management. The certification was granted by National Quality Assurance (NQA), UK's largest and longest established certification body, to organizations with the infrastructure, systems and trained personnel to look after its surrounding environment, including the land, water, air and communities residing around its facility.

In 2008, Himalaya launched Soliga Forest Honey, a Certified USDA Organic honey, procured from the forests of Southern India and at a fair trade price. In 2009, Organique, a range of personal care products formulated with organic oils and herbs, was introduced. In the year 2009, Himalaya introduced an organic range of Pure Herbs using innovative patent-pending technology, the company introduces. The range was certified by USDA. Liv.52 HB, world's first herbal drug for Hepatitis B was introduced by Himalaya Herbals in 2010.

By the year 2012, Himalaya had become a much-loved and trusted brand in more than 90 countries of the world including Europe, Middle East, Africa, India, The Americas, and Asia Pacific, each region functions as an independent business headed by a CEO reporting to the Chairman and the Executive Chairman of Himalaya Global Holdings Ltd. All CEOs enjoy the freedom to manage their businesses in their own unique style. In this year, Himalaya established a new set up in Sugar Land, Texas housing offices, warehouse and training center for The Americas' operations. This LEED Gold Certified unit stands as a benchmark of environmentally-conscious construction and sustainable processing.

In present times, Nabeel was CEO of Himalaya for The Americas. Having achieved stability in the U.S. operations, he focused his attention to the Latin American market. Nabeel, like his father believed that business success lies in knowing the customers well and providing them with solutions that not only satisfy, but exceed their expectation. Nabeel learnt Spanish language to understand the market dynamics and customers' requirements in the newly establishing Latin America business.

Connecting to the consumer creatively

The power of creativity

Himalaya connected with its consumers through very creative ads. As early as in 1940, during the times of nascent advertising, Himalaya was innovative enough to use 'Mobile branding' to educate people about its products. A Himalaya branded van with advertisements of hair care and general health products. Creative graphic art on product packs and interesting product names were used to communicate the brand story, product features and use. The Himalaya ad campaigns portray ordinary people in their daily roles and responsibilities or chasing some aspirations in very natural and realistic and relatable settings and situations. Customers instantly feel a connect and develop intention to believe and remember the communication.

At Himalaya, innovation was pivotal, but in addition to product innovation, there are some other ingredients that were responsible for its success as a wellness brand. These were innovations at various dimensions such as process innovation, establishing a high customer connect with initiatives like environmental and social sustainability, purity, wellness, captivating ad campaigns, omni channel retail interfaces (physical stores, e-retail, mobile app, retail through other e-retailers, Himalaya Herbal website and app). Consumers connected to Himalaya due to various reasons, ranging from herbal formulations derived from ayurvedic concepts to convenience in availability and usage of Himalaya herbal products, to quirky ad campaigns that connect consumers in a snap.

Himalaya's personal care were popularized in India through the iconic 'Dadima' (grandmother) ad campaign that showed a wise grandmother, who relies on age-old ayurvedic formulations for health and wellness. This Dadima, who was well-acquainted with latest trends and technology, endorses Himalaya products depicting that while she understood Ayurveda, she was also 'up to speed' on all the latest technology and trends, making her accessible and acceptable to consumers with modern lifestyle and also to those in the younger age-groups. The campaign depicted Himalaya philosophy as a synthesis of age-old wisdom and modern trends. The campaign revitalized the importance of Ayurveda and introduced ayurvedic concepts in the modern Indian households.

Exposure to new information about products and uses to consumers was majorly done through advertising campaigns. The main mode of generating awareness about the Himalaya herbal products and information regarding new launches was through commercials in television, print media, outdoor, digital and retail. Himalaya herbals had been known for its quirky, catchy yet simple, refreshing, amusing, advertisements that hardly show celebrities, but models are all common people, messages were simple and easily relatable to the lifestyle of the common people. Easy to interpret and creating an element of trust, The ‘Himalaya Sabse Pehle’ advertisement for neem face wash, in 2007, was a smashing hit with the youth got instantly connected to the brand. The message was ‘Try Himalaya first’ because the product delivers on its promise. The TV commercial had an extremely young look and feel-aimed at capturing the interest of youth. In 2013 and in 2017 new ad campaigns were launched to neem face wash that was as amusing as the first one but showcasing new, younger faces to keep up the fresh essence of the ad. The ad campaigns emphasized the key product propositions, that were natural, hassle-free & efficacious solution at fingertips. Most of the Himalaya Herbal advertisements were designed with actual day-to-day problems that accentuate the need of using Himalaya Herbal products. There were no superfluities in the characters or communications. Himalaya herbals effectively strategized its operations across all of its customer interfaces to provide a convenient user-friendly.

In 2016, Himalaya Herbals launched a social campaign titled 'Muskaan', in association with Smile Train India, an international NGO dedicated to spread awareness on cleft deformities and providing free corrective surgeries for the under-privileged people. The aim of this initiative was to spread smiles. Rs. 2 from the sale of every Premium Lip Care product was contributed to the cause that aimed at providing the ‘first smile’ to more than 300 children.

Men’s face care, being a relatively newer entrant in Himalaya Herbals Men’s care products, needed special efforts in motivating and attracting the male consumers. Making an aptly timed interesting move during the IPL, 2016, Himalaya Herbals launched its new campaign for men’s skin care. The teaser video titled “Does RCB #HateThePimple?”, featuring the RCB team with Sarfaraz shown to have the pimple problem. The teaser was a huge successful in generating curiosity. With the team captain, Virat Kohli, seeming to know the solution main film, people keenly waited for the full film ‘Himalaya MEN and RCB Hate Pimples too!’, raced ahead of the

company's expectations. According to the Business Head- Consumer product division, the campaign was designed with sportsmen as today, sportsmen talked not only of performance, but also symbolized fitness, grooming, styling and overall wellness. evolving need among men to look good and care for their skin for being more confident, especially by getting rid of pimples, the communication hits a sweet spot.

The company came up with the concept of herb-inspired train in partnership with Moove Media in Singapore in 2016. Three cabins of a Downtown Line train were used to accentuate the brand, its ingredients and the benefits. Commuters got exposed to the brand and the benefits of three key ingredients, Neem, Aloe Vera and Apricot through creative use of stickers on walls, floors and panels. The option of fun posing photographs of themselves "donning" one of 18 "herb crown" stickers instantly connected the commuters to the brand. They could win Himalaya Herbal products by uploading the photographs on Facebook and Instagram.

Over a period of time packaging had been made more contemporary and attractive to make products more appealing, even in international markets. The packaging design also communicated the pro-environment wellness motive of the company. Himalaya's product packaging carried a '100% herbal actives' logo as Himalaya's promise to use only herbal ingredients.

Be it the Himalaya herbals physical store or company's website, customers experienced a serenity with a clean look, simple user interface, highlighting the age-old Indian connection with natural and herbal formulations, with emphasis on information products, their ingredients and benefits. Thus the brand essence and communication was designed for consumer's cognitive arousal and emotional connection.

Quality certification

In the year 2009, the compliance with international guidelines laid down by the Organization for Economic Co-operation and Development's (OECD) Principles of Good Laboratory Practices and Norms brought the Good Laboratory Practices (GLP) certification to Himalaya. The high

quality and reliable test data endorsed the best quality of Himalaya formulations. The company was the first herbal drug manufacturer in India to have received the GLP certificate granted by the National GLP Compliance Monitoring Authority of India, established by the Department of Science & Technology, Government of India. In 2010, The Bengaluru manufacturing facility was approved for compliance with WHO-cGMP (World Health Organization-current Good Manufacturing Practices) testifying the efficacy, safety and quality at Himalaya's manufacturing unit. The prescribed standards are at par with the ones for manufacturers of allopathic medicines.

Social and environmental stewardship

Being a herbal brand, Himalaya closely connects to social and environmental causes. As part of this social forestry program, the company partnered with the U.S. based tree-planting organization, Trees for the Future, and planted thousands of trees in Southern India and the Western Ghat in 2007.

Himalaya made 'Biodiversity Protection' an integral part of its CSR program. Critically endangered herbs or the herbs under the threat of extinction had been identified for biodiversity preservation. The aim was to cultivate these herbs in their natural habitat; tissue culture also being explored as an alternative method for growing herbs commercially.

In 2010, Himalaya launched its first concept 'Green Store', with the objective of minimizing its carbon footprint. The store was made from ecofriendly materials, and had maximum natural lighting from glass panels, nontoxic paints and in-store units made from wood. The company aimed to convert all exclusive Himalaya retail stores to 'Green' stores in coming times.

Himalaya: Some momentous communiqués

Some important communiqués that were significant of the company's growth and its directions were highlighted to promote the company.

- Himalaya herbals aims at doubling the market share in men's facewash to 20%, with men's grooming segment estimated to be approx. Rs 5,800 crore. (May 21, 2017,

Business Standard)

- Himalaya Drug company eyes \$1 bn turnover; honcho reveals what its biggest advantage is.... Homegrown holistic wellness firm Himalaya Drug Company, which posted Rs. 1,800 crore turnover last fiscal, is expecting to be a billion dollar company by 2020. *(November, 15, 2016. Financial Express)*
- The Himalaya Herbals Personal care market to touch \$ 20 billion in India by 2025, with more than 42% growth in Indian men's grooming and personal care market. *(July 8, 2016 by Report by Assocham, Business Standard)*
- In an innovative campaign using RCB team of IPL, Himalaya introduces Pimple Care Range for Men. *(April 19, 2016, Business Standard)*
- Himalaya to lay more focus on its range of wellness products for revenue growth, with the aim to reach domestic revenue of Rs.1,800 crore by close of fiscal year 2016. *(April 6 2016, Live mint)*
- Himalaya eyes doubling men's facewash market share to 12%. With the focus on men's grooming, Himalaya wants to cash in on the growth momentum. *(March 13, 2016, Business Standard)*
- Himalaya treks the millennial route. *(February 16, 2016, Business Standard)*
- Himalaya Herbals to sponsor cleft lip surgery for the under-privileged - Cleft patient Jyothi smiles for the first time with Himalaya Lip Care. *(February 1, 2016, The Hindu)*
- Himalaya Herbals to double sales to Rs 4,000 cr by 2020, concentrates on wellness, baby care and personal care portfolio. *(December 20, 2015, Money Control)*
- Himalaya launches two new campaigns; focuses on experiential & digital marketing. *(May 04, 2015 exchange4media)*
- Himalaya Herbal aspires to be known as a wellness company, states Philippe Haydon, CEO, The Himalaya Drug Company. *(October 14, 2014, Business Standard)*
- Nature Cure of Himalayan Heights *(February March 2014, India Brand Equity Foundation)*
- Himalaya enters oral care segment *(March 7, 2013, Business Standard)*
- Himalaya sees four-fold jump in India business over five years. Ayurveda medicine and

cosmetics maker to launch new drugs, enters new product categories such as animal health. (*December 12, 2012, Live mint*)

- Himalaya Forays into Nutraceuticals (*June 28, 2012, Business Standard*)
- Herbal Science Has A Solution For Hangovers- A New Entity, Herbal Science, To Market And Distribute Herbal Remedies For Lifestyle Disorders. (*May 05, 2005, Business Standard*)

Identifying the core elements of Himalaya's competitive business strategy

The literal meaning of the word “Himalaya” was a mountain range with many of the earth's highest peaks. The Himalaya Drug Company had surely lived up to its name with a very broad product portfolio and multiple best performers in different categories, not only nationally but also internationally. What core ingredients of the company's business model could be attributed for its growth and success in the highly competitive business environment? To be successful in a competitive business environment, companies needed to devise a road-map that directed and lead them to a path of excellence in one or more of its core competencies. What had been the road-map for The Himalaya Drug Company? Which business aspects had enabled Himalaya to gain a distinct position of a herbal drug manufacturer amongst the high competition of various herbal and ayurvedic manufacturers on one hand and allopathic brands on the other hand.

Different businesses had different success mantras and strategic models. Since, establishment and expansion of Himalaya had been done on certain principles and values of innovation for wellness, mapping Himalaya's values against the models of business values could bring out interesting proposition of its success mix. Treacy and Wiersema (1997) proposed three generic competitive strategies, also known as value disciplines that must be embraced by a business that strives to achieve competitive excellence and to accomplish a distinctive market leadership. These value disciplines were called - operational excellence, customer intimacy and product leadership.

- **Operational efficiency:** The fundamental approach for bringing operational efficiency was to attain cost leadership. Automated work processes, streamlined and integrated work flow, high-volume production, standardization of key processes ensured cost efficiency, waste minimization and capacity utilization, thus reducing costs and increasing efficiency.
- **Customer intimacy:** In the business environment, customer was the king. A customer-centric firm moved towards customer intimacy, not just to retail its customers but to delight them in each and every transaction a manner that they automatically look forward for continued association with the company. Customer intimacy strategy focused on unique offerings in form of distinct value proposition, personalized services, customized products and meeting the specific needs of the target customers through innovatively designed solutions. Deep customer knowledge could only facilitate this. A truly customer-centric company aligned the key activities such as conceptualization, designing, product development, manufacturing, retailing and customer support around the needs of the individual customer.
- **Product leadership:** Product leadership was a competitive strategy under which the company continuously researched on and developed new products according to advancement in technology and customer requirement. The aim was to offer superior products to the customers, with continuous innovation. Products that were able to provide distinct and intriguing experiences to their customers, were able to demand higher prices and acquired the status of being a 'premium' brand. Continuous research, problem solving approach, team work, technical and managerial skill upgradation, product enhancement, marketing management were some of the core activities that facilitated product leadership.

It was clear after studying the Himalaya business that the building block of the competitive excellence model had been the above three value disciplines manifested through one key aspect, and that is 'Innovation'.

Understanding Innovation, its connotations and types:

To 'Innovate' means to 'create something new'. In present types, the term 'Innovation' had different meanings. It could be understood as creation of new models, products, practices, system or sub-systems, to bring solutions for problems in diverse fields such as marketing, advertising, consultancy, politics, society, environment, economics, healthcare and so on. Organization of Economic Corporation & Development (OECD) provided the basic definition and typology of innovations. In a latest revision in the Oslo Manual, innovation was defined as "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations" (OECD, 2005).

Literature contained various types of classifications of innovation, majorly revolving around new products, new uses, new materials and new processes. Some experts had proposed multi-layer classifications of innovations. The Himalaya Herbal innovations and strategy map could be explored using the three dimensions of innovations (i) Aspects of innovation, (ii) Degree of technological newness (Market vs Technology), and (iii) Essence of innovation.

- Aspect of innovation: Innovation could have various different aspects. It could be manifested through change in product, process, service, communication, human effort, or even the nature, level and facet or characteristic of the change that the innovation has resulted in.
- degree of technological newness – no market change, market strengthening and new markets
- essence of innovation – product leadership, customer intimacy zone, Operational excellence zone, category renewal zone

A mapping of the value disciplines to Himalaya herbals business accentuated the key ingredients of the business strategy that could be attributed to Himalaya's success.

Table 1: Mapping of Value disciplines to Himalaya Herbals business

Value disciplines /zones	Himalaya Herbals position
Operational efficiency / excellence zone	Although Himalaya herbals is known for its good quality herbal products but ‘affordable prices’ along with consistently reliable quality is an important attribute that is responsible for consumer’s brand preference and loyalty. Majority of players in the category of herbal supplements, health ware and wellness products fall in price-ranges much higher than Himalaya products. Cost leadership is acting as a vehicle for continued growth for volume-oriented business model and Himalaya Herbal fits in this framework well.
Customer Intimacy	Customer trust, loyalty, customer perception of Himalaya as a brand of trust, purity, natural, ayurvedic, safe, chemical free
Product leadership	Herbal products that uphold environmental and social sustainability

Conclusion

The key ingredient of Himalaya success mix was ‘Innovation’. The company had been able to proficiently exploit all the dimensions of innovation to provide attractive offerings to its target consumers. Innovation, in Himalaya, was manifested right through the company’s vision of ‘all round wellness’ and its mission of ‘providing science-based, head-to-heel solutions harnessing nature’s wealth’. Innovation, as a core strength, drove Himalaya’s business philosophy and practice and could be visualized in its products, services, processes and communications. Himalaya’s multi-thronged business approach stands validated through its product and process innovation, creativity, customer-centricity, nurturing the best talent, being venturesome and progressive, and keeping the company technology-updated.

Over the period of time, the company had shown excellent growth and diversification. Although, it was a very celebrated brand in the market in current times, but with entry of new players in the wellness segment, Himalaya Herbals would have to continuously drive innovation further, its success mantra, to be in the forefront. A strategy map needed to be developed for identifying the future course of action based on core strategic elements or ingredients that the business has built up since its origin. The standard strategic elements for business were (i) Financial stability & strength, (ii) Customer focus, (iii) Internal capabilities and (v) learning and growth. Since Innovation was the core element of Himalaya existence and growth, there would be need to focus on how and what innovative standpoints company should delve upon in the coming future so as to sustain its position as a leader in the segment.

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TO BUY OR NOT TO BUY THE EQUITY OF NESTLÈ MALAYSIA BERHAD

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Abstract

Amira Lee has been newly appointed as a financial analyst for Melati Investors Berhad. Being an analyst, she is given a task to provide recommendation whether to buy or not to buy the equity of Nestlè Malaysia Berhad. Amira's consideration whether to buy Nestlè's equity or not, was not quite straightforward task because she might have to look at more than one year financial statements and apply dividend discount model to value the equity. If she could not made her decision within a week, Melati Investors Berhad may lose the opportunity to buy equities of Nestle (i.e. larger and long-established companies that would have probably paid higher dividends) given that the closing date of trading the equities will be due in next seven days.

Keywords: Financial Analyst, Dividend Discount Model, Nestlè Malaysia Berhad

Introduction

“ What should I do?” Amira Lee is monoloqueing with her self. She has been newly appointed as a financial analyst for Melati Investors Berhad. She just got back to her office after a management meeting to decide whether to buy the share of Nestlè Malaysia Berhad. Amira needs to decide urgently as the top managements require her to provide a report which support the recommended decision for Melati Investors Berhad, the largest independent investment financial institution by equity trading value and volume in Selangor. Specifically, the company is performing regulated activities of fund management dealing mainly in securities and others in unit trust, bonds and loans. For Amira Lee, it is not an easy task for a financial analyst to value the equity of Nestlè Malaysia Berhad by solely using the reported profits and losses, earnings per share and total assets and liabilites obtained from the financial statements.

Hence, Amira’s consideration whether to buy Nestlè’s equity or not, was not quite straightforward because she might have to look at more than one year financial statements and apply dividend discount model to value the equity. Within a week, Amira needs to present her decision to the top management because Melati Investors Berhad would like to find investment opportunities in Nestlè Malaysia Berhad. If Amira Lee could not made her decision within a week, Melati Investors Berhad may lose the opportunity to buy equities of Nestle (i.e. larger and long-established companies that would have probably paid higher dividends) given that the closing date of trading the equities will be due in next seven days.

Background of Company

Nestlé's commitment to providing quality products to Malaysians dated back almost 100 years ago. Nestlé began in Malaysia in 1912 as the Anglo-Swiss Condensed Milk Company in Penang and later, growth and expansion made a move to Kuala Lumpur

necessary in 1939. Since 1962, with its first factory in Petaling Jaya, Nestlé Malaysia now manufactures its products in 8 factories.

The Company was publicly listed on the KLSE now known as Bursa Malaysia Berhad on 13 December, 1989. Today, the Company employs more than 5000 people and manufactures as well as markets more than 300 Halal products in Malaysia. Its brand name such as MILO, NESCAFÉ, MAGGI, NESPRAY and KIT KAT have become trusted household names and enjoyed for generations. The main office of Nestlé Malaysia is placed at Mutiara Damansara. It have manufacturing facilities throughout Malaysia, including those located in Petaling Jaya and Shah Alam in Selangor, Chembong in Negeri Sembilan and Kuching in Sarawak. Its national distribution center is located at Bukit Raja, Klang, Selangor.

The financial performance for Nestlé Malaysia Berhad based on five years financial highlight beginning 2011 to 2015, the revenue, profit before tax and profit after tax had been consistently increased except for the year 2014. The year of 2014 can be characterized as a challenging year for the Company, exerted by external and internal factors. The year started on a very positive note with the previous year's (i.e. 2013) strong momentum which carried through to the first half and to a certain extent into the third quarter of the year. During these periods, most of the economic indicators were showing an encouraging trend despite many challenges the country faced, including the two airline-related tragedies, slower consumer spending and concerns over the impending Goods and Services Tax (GST) implementation in 2015.

The challenging global economic environment as well as a softening in demand for some export categories (e.g. confectionery, liquid drinks and ice cream) has significantly impacted the export turnover. The situation was further compounded by the fact that Indonesia and the Philippines have invested in their local manufacturing facilities for products previously imported from Malaysia. For the financial year ended 31 December 2014, the Nestlé Malaysia Berhad total turnover of RM4.8 billion represents a 0.4% increase against the previous year.

Nestlé Malaysia Berhad's employment of asset demonstrated an unstable fluctuating trend, with a falling trend in the recent past three years, suggesting that the company's management of asset is underperformed, due to negative working capital. Meanwhile, share capital for Nestlé Malaysia Berhad had remained the same for the five consecutive years, indicating there is no issuance of shares via bonus issue or right issue. Reserves for shareholders increased for the years 2011 to 2013 but decreased in the recent years 2014 and 2015. Nevertheless, Nestlé Malaysia Berhad had made an effort to maintain low debt financing and high equity financing. The company had settled a large portion of its borrowing in the early years, leading to a lower amount of debt financing. However, the capital structure seems to be grown slowly due to a large amount of paid dividend that results to lower shareholders' funds and lower internal financing.

Background of Issue

Amira's consideration of whether to buy or not the share of Nestlé Malaysia Berhad may not be a straightforward decision. The price per share of Nestlé Malaysia Berhad was RM75.12 as at 17 February 2016. Nestle Berhad has been making profits for many years with high EPS and share prices. Specifically, the share prices of Nestle (M) Berhad were traded between RM74 and RM77 during the months of January to May 2016 as shown in Figure 1. Will this price continuously increase in the next future years?

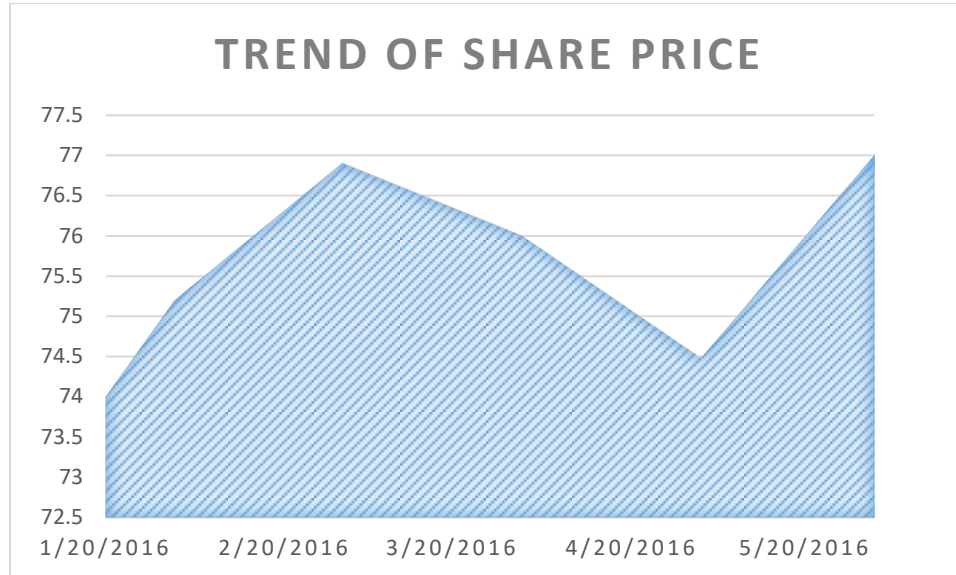


Figure 1: Trend of share price

Hence, equity valuation is an important objective for Amira given that reliable estimates of value enable Amira to make a “buy or not decision” on the securities of Nestlé Malaysia Berhad. Equity valuation is a process of estimating value of a firm or some component of a firm (Gibson, 2013). Furthermore, Subramanyam (2014) defines valuation to estimating the intrinsic value of a company or its stock. Applying a present value theory, he states that the value of a security is equaled to the sum of all expected future payoffs from the security which are discounted to the current date at an appropriate discount rate.

Amira Lee may adopt dividend discount model to value the security of Nestlé Malaysia Berhad. Dividend discount model is the most common valuation model. This model is always true that the value of an equity is equaled to the discounted present value of future dividends. In other words, the dividend discount model has focused on dividend as the only source of cash flow from an investment of an equity. Hence, this model is the most uncontroversial and generally accepted statement about how much a share is theoretically worth (Barker, 2001). A study by Amiri, Ravanpaknodezh, and Jelodari (2016) indicates that an intrinsic price is nearly similar to the market price under dividend discount model, although this model is very sensitive to assumptions of cost of capital and growth rates (Penman, 2013).

Conclusion

Amira Lee needs to value the equity of Nestlè Malaysia Berhad. It is not an easy task for her, as a financial analyst, to make decision whether to buy or not to buy the equity of Nestlè Malaysia Berhad. She might have to review and analyse at more than one financial statements and apply dividend discount model to value the equity. Using this model, Amira Lee will provide a report which supports the recommended decision to Melati Investors Berhad. Consequently, within a week, Amira needs to present her decision to the top management of Melati Investors Berhad. If she could not made her decision within a week, Melati Investors Berhad may lose the opportunity to buy equities of Nestle (i.e. larger and long-established companies that would have probably paid higher dividends) given that the closing date of trading the equities will be due in next seven days. Nevertheless, Amira Lee may apply residual income model and cash flow model in valuing the equity of Nestlè Malaysia Berhad if she has more than a week to provide her recommendation.

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BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE: A CASE OF ABC BANK MALAYSIA BERHAD

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PROLOGUE

Despite banks and other organizations are now operating in undeniably trying times due to low oil and commodity prices and US interest rate hike which led to a significant weakening of the Malaysia ringgit which compel most banks to start discussing on restructuring their costs to address the narrowing margins. In the face of these evident challenges ABC group has delivered improved net profit of RM68.4 billion for the financial year ended 2015. Furthermore, the group expects to pay a full year dividend payout of RM5.22 billion representing 76.2% of its net profit the financial year. Moreover, ABC has continued to finance many of its customer proposals and they jointly cooperate together to grow their business throughout the region.

Today ABC occupies fourth leading position in ASEAN in the areas of effective loan disbursement; asset base as well as deposits which make the bank secured a place among the top five banks in the regional market. ABC has become the strongest and leading financial institution in Malaysia. Specifically, in terms of branch network and operations the bank has extended beyond its own markets to the entire 10 ASEAN financial markets as well as the global financial hubs. Precisely, this entire milestone has been achieved through 54 years of providing excellent banking services with over 2400 branch offices to reach out to customers and provide for their unique needs. ABC also provides funds for the development Small and Medium Scale enterprises (SME's) as well as large multinational corporations thereby consistently delivering innovative services to all stakeholders. Furthermore the banks 4th position among the top 5 leading banks in ASEAN was achieved through wide branch network across 20 countries which was supported by 47,000 members of the workforce and

continued loyalty from the customer base consisting of over 22 million and asset base of \$183 billion.

Moreover, ABC has continued to witness considerable level of improvement in its key financial ratios over the years. Specifically, during the financial year ended 31st December, 2015 ABC recorded net profit of RM6.84 billion to strengthen its position and remain ahead of competition in its key home markets. The profit of financial year 2015 represent a sharp increase from the one recorded in previous financial years for instance the bank recorded a RM4.45 billion in financial year 2011, RM5.75 in 2012, RM6.55 in 2011 and RM6.72 in 2014. Overall, the revenue performance of ABC increased by 14.6% compared to previous years particularly year 2014 while the net fund based income grow by 15.3%. Additionally, the loan also grows by 12% as against the targeted amount of 8% to 9%.

- Under the National Key Economic Area (NKEA), the Malaysian government is focusing on developing the financial industry, which represents a core component and key driver of the Malaysian economy, in tandem with the need of a high-income nation despite the current environmental turbalence arround world. This case study mainly discuss the successful ABC from a strategic management perspective. There is an urgent need to look into the true competencies of ABC in overcoming the economic challenges in the hyper competitive environment based on right strategic practices which enable them to achieve the national agendaand sustained competitive advanatage. This case will be a good lesson for other banks to achieve success in tougher operating environment and economic, financial challeges. The teaching case will guide students build SWOT in conducting strategic analysis in competitive situations. And identifying strategic issues that need to be addressed, evaluating strategic alternatives, and formulating workable plans of action, gaining in-depth exposure about actual business experience.

HISTORY

ABC has been a regional bank since 1960, with the incorporation of its operations in Malaysia and has later opened branches in Singapore and Brunei in that same year. ABC is

the leading Malaysian bank and number fourth rank in terms of assets, loan financing, and deposits among ASEAN Banks. The bank is the fifth player in the ASEAN regional market, providing the major banking financial institution that provides wide range of services with branches spread in and throughout ASEAN region. It has 402 local branches in Malaysia 1,185 offices spread across 10 Asian countries with international presence in London and New York. Specifically, ABC is today the largest company by market capitalization on the Malaysian Bourse (Bursa Malaysia). It is ranked first among listed Malaysian companies and among the top 500 companies in the Forbes Global 2000 leading companies of the world.

The roots of ABC are rapidly increasing beyond the host country Malaysia because its services and branches are now present in 10 ASEAN nations. The banks quest for humanizing the provision of financial services, ensuring inclusiveness and acceptance of diversity is central to the wide coverage of its branches throughout ASEAN communities. Specifically, over the years, ABC has built on its expertise in a wide area of financial services and today its range of services includes commercial banking, investment banking, stock broking, insurance and takaful, Islamic banking, offshore banking, asset management, venture capital financing and internet banking.

Particularly, ABC Group has long been acknowledged for its leadership and financial strength, and for the past two years, has been recognized as among the World's Top 20 Strongest Banks by Bloomberg Markets magazine. In essence, ABC has achieved numerous international awards for excellence and innovation, which stand testament to the high standards it employs in every area of its operations. The Group's Islamic banking arm, namely Maybank Islamic Berhad is recognized as among the global leaders in it's the field of Islamic banking products it is ranked as the top Islamic bank in Asia Pacific and third in the world in terms of assets.

ABC' Vision

ABC vision is to become a regional leader in financial services through the realization of the banks true potential across key home markets and beyond.

Mission

The mission of ABC is to humanize financial services drives and underpins the banks desire to strengthen its relationships with the communities that the banks serve.

Board of Directors

The board of directors in ABC just like boards of many other reputable financial institutions comprise of people that are well experienced and knowledgeable enough in various fields of knowledge. These directors deliver their exceptional skills and wealth of knowledge which is considered one of the instrumental factors in responsible for the success of ABC. Specifically the board of directors comprise of people who are vast in the field of business development and operations both locally and internationally. They are also instrumental in developing robust risk and financial management techniques as well as sound security, legal and accountancy procedures. The board of directors comprises of committed and dedicated people from Malaysia and other ASEAN nations. Although, there have been some changes in the composition of the board members where 3 non-executive members of the board decided to step down in line with Financial Services Act (FSA), such vacuum has been immediately replaced with new independent directors.

ABC applies a formal and transparent procedure in the selection of Directors to serve as members of the board. Specifically, the Nomination and Remuneration Committee (NRC) is vested with the authority to identify and select members into the board. The responsibilities of the committee include among others the screening of the nominees, conducting the preliminary selection processes of both external and internal contenders. In addition to that, the committee assesses and evaluates the board candidates based on their ability to carry out the predetermined board responsibilities with high degree of effectiveness and efficiency and then a written recommendation is sent to the board for final approval and ratification. Also it is the responsibility of the NRC to make sure that candidates have the core competence, integrity, the requisite skills, and time to effectively and efficiently discharge the responsibilities required of a board director.

ABC Sustainability Initiatives

Risk Management and Internal Control Processes

One of the notable initiatives to sustainable competitive advantage of ABC is the achievement of the board and management of ABC was its significant role in establishing an effective internal strategy and a robust risk management strategy thereby continuously evaluating and reviewing its appropriateness and adequacy. The board makes decisions on risk based on the premise that establishment of an internal control system and frameworks for risk management are important techniques ABC group can utilize to manage risk in an acceptable manner in such a way that the group's objectives and goals can be achieved rather than completely eliminating the risks. The group's risk management framework and processes are techniques that ensure there is a reasonable rather than absolute guarantee against loss arising from fraud or financial misstatements.

Moreover, the board is committed to ensuring that there is an established risk management structure to ensure effective risk management and controls within the group. The board's risk management techniques are achieved through various risk identification mechanisms, an effective evaluation system as well as constant monitoring to ensure efficient management of the risks. This process ensures that information is made available to the management in order to respond to any significant risk signal that is likely going to affect the group. Strictly adhering to these risk management techniques enable the group to achieve business goals and objectives which is also in cognizance of the changes in actions that satisfy safety requirements of the board and regulatory requirements as well as the business environment. The results of these processes are monitored and reported for deliberations to the board of directors.

The reports on deficiencies found by the implementation committee are usually channeled to the ABC board of directors monthly based on the compliance and regulatory requirements. Based on the reports the board pays special attention to the reported deficiencies in order to find the reasons behind such deficiencies and take necessary action through the bank management. Specifically the board directs the management to take necessary action in order to remedy the situation by implementing the various plans that were purposely designed for

to take care of such circumstances and subsequent evaluation and follow-ups to ensure that the problems are completely solved.

More specifically, the responsibility for implementing procedures, policies and other techniques used to manage and control risks lies in the hands of management. The management implements such risk policies by being actively involved in the identification of the risks and magnitude of such risks. In addition to that the bank management design the procedure for effective implementation. After the implementation management constantly monitor the implemented action through effective internal control mechanism as approved by the board. Finally the management's remedial action is evaluated and reported to the board based on the corrected action in case the board may consider making some changes to the management's corrective measure applied.

Corporate social responsibility

ABC has a lengthy history of being at the heart of the society right from the begin, ABC intended to be a bank for all Malaysians, and ABC branches have turned into a core of numerous residential communities all through the nation. In accordance with our humanizing mission, ABC is currently broadening its community-based style across the nation. This conviction has discovered its epitome in ABC mission to humanize financial services across Asia. The community services in ABC is facilitated fundamentally by the ABC Foundation where community work focuses on a diverse group of beneficiaries as the bank endeavor to set another standard for corporate responsibility actions that goes beyond pure philanthropy to convey significant projects with enduring results to the communities. The social responsibility investments grasp education, community strengthening, sports, wellbeing, expressions, art, culture and heritage; and it is a principle of the ABC Foundation that a significant number of the social projects are driven by employee volunteerism.

The Community: As a major aspect of sustainability initiative strategy ABC emphasis on engaging communities by method for helping them create in ways that are useful, as well as more critically, reasonable. Notwithstanding where the bank works, it laid extraordinary accentuation on community development and cultivating a minding society among its employees. This procedure was expert through numerous critical strategies, for example, ABC Financial Literacy Programs across the nation. Besides, ABC run a progression of

financial literacy pair with Money Tree (M) Sdn. Bhd. ABC receives elementary schools, and the youngsters find out about fundamental budgetary instruction, for example, expansion and financing costs through workshops led by Money Tree. ABC fundamental centre is to plan youthful Malaysians for the money related difficulties they will confront later on by instilling capable individual budgetary propensities.

Moreover, as a component of community services, ABC has occupied with a program labeled Cahaya Kasih. The term Cahaya Kasih is utilized to allude to the ABC employee volunteerism program. Particularly at the course of experiencing the program ABC banks give their time and share their insight in a wide scope of endeavors, teaming up with associations and NGOs in community development work and fund-raising occasions. To guarantee the achievement of this program ABC has devoted a sum of 84,000 hours to volunteerism in the year 2011 alone.

Basically, ABC Group likewise perceive protection of Arts and Culture as imperative method for defending Malaysia's national arts and culture for future eras, and in addition their potential in empowering more prominent national solidarity and energy about the various societies that encompass the country and the region. This is the reason ABC set up its own one of a kind BalaiSeni, a scene to show works of neighborhood craftsmen, and Numismatic Museum, the first of its sort in the Malaysia found right in the Head Office at, Kuala Lumpur.

Management Strategies

Another initiative for sustainability more precisely, the strategic objective of ABC is to perform optimally, attain optimal risk balance, judicious management of objective expenses, and delivery of improved service quality to customers as well as constant improvement in the processes. ABC strategic pursuit to extend banking services across the ASEAN region and become the leading financial services provider in Malaysia started in the year 2009. Based on the aforementioned the bank spelt out a strategic vision for becoming the largest provider of banking services in the ASEAN region by the year 2015. This vision leads to the development of various strategic initiatives that are targeted toward successful accomplishment of the vision. Specifically the management of ABC initiates some programs that will positively influence sales, design programs that are capable of strengthening the relationship between the bank and its customers by way of effective customer relationship

management. Additionally, the bank has put in place the structures necessary to ensure that the systems and processes are also effective, embarked on activities that enhance employee talent and raise the standards of customer services.

This initiative has helped the bank to triumph through the 2011 and 2012 challenging business environment. Consequently, ABC market share in global banking as well as that of retail forms both local and overseas operations has increased significantly. However, the bank is currently focused on maintaining the lead in the financial market thereby providing services that supersede the expectations and needs of a customer. Having achieved the targeted strategic vision ABC redirects its attention towards attaining the impact of the bottom line through Global Banking (GB) Community Financial Services (CFS) and Etiqa. Specifically redirecting focus to CFS, GB and Etiqa enable the bank to maintain its status thereby accomplishing its strategic objectives.

The blueprint of the ABC strategic objectives is made up of 34 initiatives which are tied to the support units and business pillars while connecting their direct effect to the profits of the bank. Due to the team and management commitment to the goals all the pillars have surpassed their targets. Specifically, the CFS have surpassed its target by 158%, GB exceeded by 152% and general business units of Insurance and Takaful have also surpassed targets by 167%. Similarly the strategic costs of the bank have also been significantly reduced.

The success achieved so far at ABC is the childbirth of clear strategy formulation with specific attention to the customers leading to sustainable financial performance which brings about the significant contribution enhancing growth and development of new capabilities in all the bank's branches. Another strategy for ABC achievement was the shift from product to customer orientation. In addition the bank stress the importance of harvesting returns from investment in corporate and mass banking and proceeds from the investments in SME's.

Furthermore, as part of ABC customer centric initiatives it has provided flexibility for customers to make transactions across all the 10 ASEAN nations as well as china. This strategy was also instrumental towards ABC capability in the regional marketplace. Specifically, the strategy was complemented by persistent focus on ensuring excellent and improved services, effective operations, advanced technologies and improved service quality. These policies have helped the bank in achieve its strategic goals. In addition, the success of

ABC was also based on the adoption of industries best practices to strengthen the banks operational processes.

The bank also adopts several growth strategies such as building and maintain paramount customers base, expand operation to the strategic heart of ASEAN communities and aim to be the ultimate ASEAN banking hub that link ASIAN customers with other parts of the world. In addition, the targeted growth was accompanied with unique strategies different conventional such as utilizing and sustaining the current position in the industry as the preferred financial institution in various geographies that we operate to gain superior performance, consolidating the digital footprint by upgrading current alternative banking channels and expanding the regional network of branches through the delivery of standardized, best in class customer experience.

In line with ABC innovative initiatives the bank is the first to launch superior services such as movie theatre for the visually challenged persons known as the ABC MAB Cinema, electronic options for gifts during the Hari Raya festive season which comprises “duitraya” and ABC Raya Gift Card via and Quick balance service all through Maybank2u. Specifically Quick balance service was aimed at enhancing value proposition for the mobile banking. Conclusively, central to ABC success is the continued commitment and dedication across all cadre of the workforce. This stimulates the workforce to continue to deliver effective services that brings about customer satisfaction the action which has remained the core of management and staff at ABC. This is complemented by the queue management systems and complaints resolution framework which was specifically intended to heightened experience of the customer.

Again, ABC organizes external customer engagement survey (ECES) on annual basis in order to evaluate the extent to which the bank policies are aligned with its customers’ requirements on service delivery, this initiative also contributed immensely to the success of the ABC.

Human Resources Management

In ABC overseeing HR constitute one of the solid features that are firmly considered as basic critical enabler for the continued achievement and the way to realization of the recent 2015

goals. Additionally, HR is an essential element that it should have been all the more immediately arranged with the goal that they can fill key parts and perform at the required level at the branches. Particularly at ABC group HR are expected to collect pipeline pools of talent extending from entry level through to branch managers and to the leadership level. For example ABC has set an objective of building a pool of 500 relationship banker's in the fleet to the short term to service high-net-worth clients. Another top need is productivity improvement through the human capital where an objective of 40% efficiency increment was set to be accomplished through the business sales force.

The human asset activity in ABC is additionally centred on empowering the employees to work territorially, since ABC expects to wind up a local powerhouse and in the long run a huge worldwide player. This prompted the dedication centred at building a workforce that is all around versatile, and geographically and culturally diverse. Also, borders could require managers to stand up to a reason for stratification not quite the same as the one with which they are now recognizable. Nonetheless, workers with such instant ability are normally rare in the area this stay urgent for ABC in understanding the maximum capacity of the group.

In addition, in accordance with these needs, ABC has reveal numerous bolster projects to help employees guarantee that operational and customer service change objectives are met. These targets extend from ability advancement to impetus arranges. Again the Group keeps on building capacity of HR from a centre saving money point of view and an ability administration and authority viewpoint. Beside the activities ABC proceed with climate and culture building programs with the point of raising the viability of ABC Skilling Factory (Human assets).

The human resource approach of ABC gathering has additionally centred on improvement of all the part of aggregate prizes to most staff, which facilitates the execution procedure. This execution of pay level approach and the dispatch of representative share conspire as a long haul variable segment of aggregate rewards in the compensation blend is a key component that were generally welcomed by all levels of the workforce. In particular, the considerably more perplexing human resource technique is the activity on hierarchical environmental change, director capacity building and efficiency change. This was integral to the accomplishment of each point of reference that empowers ABC to accomplish Malaysia's number one bank and aspire to become Asia's best bank in the closest future.

Moreover, human resource is basic in ABC on the grounds that their skill and talent are totally essential for the business change and development. Consequently, finding the right employee, making them, remunerating them and keeping them are a portion of the banks most elevated needs. ABC have set up a multipronged system that incorporates a convincing representative esteem suggestion with a focused reward bundle. The achievement of the strategy is likewise reflected in enrolment execution dashboard, which is checked nearly. The dashboard tracks the rate of opening conclusion as well as the offer-acceptance rate for the different classifications of experienced experts, new graduates, and senior administrators. The achievement recorded so far instigate ABC to keep on implementing the technique with a specific end goal to assemble a local ability pool that will be at the front line of the focused on provincial development.

The human resource policy used at ABC was likewise supplemented by examining innovation to keep on processing electronic applications for some human resource processes. Also, other fascinating advancements incorporate the Retention Prediction Algorithm by Google Inc. The Google's algorithm is intended to recognize which of the workers are destined to stop. They take a gander at things like advancements, pay history and execution examinations, and in addition different sorts of HR and non-HR components that haven't generally been utilized. It helps the group get inside employees' heads" even before they consider quitting.

Generally, 2015 was the year of testing business environment where the sustainability of the advance and developments increased throughout the years in building a high performance organization through HR was further expert. It likewise tried the flexibility of the workforce as far as agility, nimbleness, and responsiveness to turbulent environments, incorporating disruptors in the business, to convey on the Group's 2015 vision, mission, and key goals. In particular, in the midst of the difficulties, ABC HR have again conveyed one more year of trailblazing results and excellent financial performance. The key accomplishments picked up in 2015 were efficiency elevate from the sustained initiatives on key levers of productivity; regional and national recognition as a solid and convincing manager mark and as business of decision to numerous forthcoming employment seekers. In this way, the achievement was by the by maintained through approval of best practices in human resource strategies, working environment activities and practices ranging from talent development, fostering learning, gender diversity advocacy and work life activities.

Financial Position

Revenue

In the financial year ended 31st Dec. 2015 ABC has recorded a tremendous increase in operating revenue from RM35,712 to RM40,556 (Million). The more detailed analysis of the revenue is depicted in Table 1.

Dividend

The ABC Group keeps up a long-term yearly dividend payout policy of 40% to 60% to give shareholders a steady dividend income. For the financial year ended 31 December 2015, the Board had declared an interim dividend amounting to RM2.3 billion or 24 sen per share, which comprises a cash portion of 4 sen per share and an electable portion of 20 sen per share. The Board also proposed a final dividend amounting to RM2.9 billion or 30 sen per share, which comprises a cash portion of 6 sen per share and an electable portion of 24 sen per share. The total dividend payout for FY2015 was finally arrived at 54 sen per share.

Table 1. Overview of the Operation Review for the year ended 31st Dec. 2011 to 31st Dec. 2015.

	Financial Year 31 st Dec.				
	2011	2012	2013	2014	2015
OPERATING RESULT (RM' million)²					
Operating revenue	12,892	31,227	33,251	35,712	40,556
Operating profit	3,497	7,744	8,730	8,948	8,940
Profit before taxation and zakat	3,571	7,896	8,870	9,112	9,152
Profit attributable to equity holders of the Bank	2,587	5,746	6,552	6,716	6,836
Key statements of financial position data (rm' million)²					
Total assets	51,632	494,757	560,319	640,300	708,345
Financial investments portfolio ³	84,669	92,82	107,672	115,911	122,166
Loans, advances and financing	276,253	311,825	355,618	403,513	453,493
Total liabilities	415,747	450,942	512,576	585,559	644,831
Deposits from customers	314,692	347,156	395,611	439,569	478,151
Investment accounts of customers					17,658
Commitments and contingencies	369,792	379,695	433,829	551,960	719,695
Paid-up capital	7,639	8,440	8,862	9,319	9,762

Shareholders' equity	34,337	42,095	45,997	52,975	61,695
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Source: ABC Annual report 2015

Contemporary Business Environment

Under the National Key Economic Area (NKEA), the Malaysian government is focusing on developing the financial industry, which represents a core component and key driver of the Malaysian economy, in tandem with the need of a high-income nation. As an integral component of Malaysia's economy, the Financial Services NKEA aims to make Malaysia home to an innovative, competitive and thriving financial services industry. The financial sector NKEA was introduced through the Ministry of Finance with support from regulators such as the central bank, Bank Negara Malaysia (BNM), the Securities Commission and Bursa Malaysia, this NKEA which is targeting for the financial services industry to contribute RM121.5 billion to the country's GNI and creates 275,400 new jobs by 2020.

Furthermore, the government of Malaysia targets to achieve the financial sector NKEA is through the implementation of 10 Entry Point Projects aimed at strengthening Malaysia's financial institutions and creating deeper and more vibrant financial markets. Through this EPP, the Government targets to increase Islamic financing's share of total financing in Malaysia from 29% in 2010 to 40% in 2020, cementing the country's position as a global leader in the industry. The Government also targets for at least one local Islamic financial institution to be among the top 10 Islamic financial institutions in the world in terms of assets by 2020.

Initiatives under EPP 10 include standardizing Syariah guidelines, as well as becoming a Centre of excellence for Islamic finance research, development and education with priority areas in legal, human capital and research development and innovation.

This EPP supports the foreign expansion of qualified local banks, with Malaysian banks to be among the top three in ASEAN in terms of market capitalization by 2020. Local banks are also encouraged to explore opportunities across Asia, especially where a significant portion of Malaysia's outward foreign direct investment (FDI) is present. Initiatives under this EPP are however largely market led and depending on the needs and resources of the specific banks, as well as approval of BNM.

However, despite the fact that Malaysia's real GDP growth slowed to 5.0% in 2015 (2014: 6.0%), weighed down by slower consumer spending and gross fixed capital formation as well as the contraction in net external demand which offset the sustained government consumption expenditure. The operating economic environment was very challenging in view of the global economic uncertainties, depreciation in Ringgit and weaker commodity prices especially crude oil, as well as domestic factors such as the impact of the Goods & Services Tax (GST) implementation. In addition, the asset quality of ABC remained strong with the industry's net impaired loan ratio stable at just 1.2% as at end of December 2015. Loan loss coverage slipped to 96.2% in the end of year 2015 from 101.0% as at year ended 2014. The industry's Common Equity Tier-1 capital ratio, Tier-1 capital ratio and risk-weighted capital ratio were comfortable at 12.8%, 13.8% and 16.1% respectively as at year ended 2015.

In view of the aforementioned problems, it is obvious that the operating environment continues to be a challenging one in 2016. This is due to a more moderate economic growth both on the domestic and global front, while the volatility in currencies and commodity prices is unlikely to abate any time soon. Malaysia's economic growth is expected to taper off, as consumer demand is expected to remain soft amid the rise in living costs. Consequently, preserving interest margins remains a challenge in 2016, for funding competition remains keen amid tighter liquidity conditions. Hence, improving cost efficiencies is likely to be a key preoccupation of the industry to counter any slowdown in top line expansion.

Malaysia's real GDP growth is expected to ease further to 4.3% on slower domestic demand due to continued moderation in consumer spending and private investment. However, public investment will rebound after two years of contractions as the rollout of new major infrastructure and investment projects which will add to the existing ongoing projects notwithstanding the revision in Budget 2016 due to the fall in crude oil price.

However, due to the financial crunch in 2015, Malaysia's banking system loans growth softened to 7.9% from a growth rate of 9.3% in 2014. Household loans, which accounted for 56.8% of total system loans as at the end of 2015, expanded at a more moderate pace of 7.7% compared to 9.9% in 2014, while non-household loan growth eased marginally to 8.0% from 8.5% in 2014. Furthermore, residential property loans accounted for 30.2% of total system

loans and growth here dipped to 11.9% in 2015 from 13.3% in 2014. The non-residential property loans (13.6% of total loans) also grew at a slower pace of 10.6% compared to 14.9% in 2014. Also auto loans growth was steady 2.7% which is a little higher than 2.3% in 2014. The personal loans and credit card financing also improved to 5.9% and 1.2% respectively.

Having lagged 2014 in quantum throughout much of 2015, overall the industry's loan to deposit ratio continued to rise during the year as deposit growth slowed to just 1.8% in December 2015, and the ratio stood at 88.7% as at year ended 31stDecember 2015, compared to 86.7% during the year end 31stDecember 2014.

Epilogue

ABC has targeted to become a prominent bank in Malaysia and one of the leading banks in Asia. This is transformation journey began in 2009, especially in being able to lead successful projects which have been adopted regionally. Specifically, the strength of this journey lies in the people (customers and staff) who remain the strongest assets for the success recorded so far. Although, the business environment has been so challenging due to the global economic downturn as well as the slowdown in oil prices which led to the depreciation in Ringgit and weaker commodity prices, low crude oil prices, as well as domestic factors such as the impact of the Goods & Services Tax (GST) implementation. Despite the turbulence and challenging environment ABC has been able to triumph over its competitors. In essence, appropriate strategy is usually instrumental to the building a sustainable competitive advantage in every strategically focused organization. May bankers always hope they have earned in the hearts of their communities with their commitment for financial inclusion of all the stakeholders.

“We have strengthened our position in the three core markets of Malaysia, Singapore and Indonesia not only in terms of our leadership in key business segments, but also on service excellence, franchise strength and business capabilities”(**Group President and CEO's Statement**).

Moving forward, ABC increase workforce diversity for future growth which will create an inclusive and equitable work environment, ABC expects to improve the facilities over time and aims to focus on identifying issues related to women and initiate change efforts,

integrating diversity with ABC core values to ultimately create an inclusive, high performance and equitable work environment in the future.

Challenges in Attracting Local Workforce in Family Business¹

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Abstract

5Ds Enterprise, a family business, was established in 2002. The case focuses on the challenges faced by Mr Jack, the owner of 5Ds Enterprise in his effort to attract and retain the local workforce in his firm. Having a patriotic heart, Mr Jack was always inspired and felt motivated in supporting and contributing towards national well-being and development. Although his firm offered good employment with good pay, 5Ds failed to get hold of workers from the local people of his own nation. As a result, he had to rely on the foreign workforce. This case highlights various challenges in recruiting and retaining the local workforce. The case stimulates students or participants to critically analyse the types of workforce management strategies and exercises that would help Mr Jack to engage the local workforce into his firm. Moreover, the case provides a good opportunity for students to understand the potentials and challenges in managing a family business.

Introduction

Mr Jack, the managing director of the 5Ds Enterprise dragged his chair near to the window in his office. It was a bright sunny afternoon of mid-April 2017 in Kuala Lumpur, Malaysia. While reading the local newspaper, his eyes caught the attention of the Country's Prime Minister business convention address, urging business leaders to play their part through creating employment opportunities to alleviate the trembling economy and government. The news saddened Jack and made him recalled what he has always aspired for. As a business owner with a patriotic heart for his motherland, he always felt motivated towards supporting and facilitating national well-being and development and for this, the best thing he could possibly do was to provide decent employment opportunities to the local workforce.

¹ The authors wish to thank Institute for Management and Business Research (IMBRe) and Research and Innovation Management Centre (RIMC) UUM for their financial assistance. S/O Code: 13704

Unfortunately, his firm had always been failing to attract and retain the local workforce. Although the firm did manage to recruit some local workers at several occasions, somehow it could not hold them for long. As a result, recruiting foreign workers remained to be the only option for 5Ds which was something that had always shuddered Jack`s devoted values for his country. That sunny day, Mr Jack questioned himself as to whether he had done enough to achieve his aspirations; taken ample efforts to ensure his business attracts and retains local workforce and hence, contributed to national prosperity. How can he address the challenges in recruiting and retaining the local workforce? How should he strategize to attract the local workforce?

Background of 5Ds Enterprise

5Ds was a family business based in Kuala Lumpur, which was started back in 2002. The breadwinner of the family, Mr Jack, served as the Managing Director. Ms Sarah, the daughter of Mr Jack, who had graduated in 2001 with a Bachelor in Business Administration from the United States of America managed the firm by looking after procurement and daily operations in the capacity of General Manager. The wife of Mr Jack was responsible for personnel and financial matters. 5Ds employed three other assistants, responsible for looking after procurement, personnel, and financial matters of the business respectively (*refer to Exhibit 1*).

5Ds manufactured a variety of iron stuff for both domestic and commercial use. Its products included iron grills, cabinets, iron chairs, benches, iron doors, and aluminium furniture along with a full-scale offering of related services. 5Ds also offered a wide range of designs and ensured that the products were of high quality and provided maximum convenience and security. The firm also offered customized services for its valued clients in this regard. The firm had managed to perform and progress responsively well over the past years. 5Ds enjoyed a reputation amongst its customers with a total of over 14,500 satisfied customers to date.

The business had been growing progressively and Jack anticipated a lot of potential in this area. The firm also aimed to expand through opening branches in Klang Valley, which is the centre of the city and in Shah Alam, the outskirts area of Kuala Lumpur. Mr Jack believed that the business

expansion was essential for both, business prosperity and economic well-being. In a statement, he said, *“I have faith in my products and services and there is a big untapped market for iron and aluminium products in Malaysia.”*

Mr Jack and 5Ds

Mr Jack had started his career in the printing industry at an early age, right after he completed a degree in Entrepreneurship from the United Kingdom. Mr Jack always wanted to start his own business and at last, after three years, he called it a day and decided to quit the job. Later he joined his elder brother in doing family business, also in the printing industry. After several years, he managed to establish his own printing business and moved to Kuala Lumpur in the early 1980s. Mr Jack experienced the hardship in doing business in the printing industry which was monopolized by the Chinese at the time, especially in Kuala Lumpur. Eventually, he had to close his business due to financial distress and other management issues. Then he started working for several other companies in various industries including traditional health products and real estate. Mr Jack also became an estate dealer and the initiative went well for a couple of years. Though he was quite comfortable with the work, he was not happy so he decided to switch and do something else of his interest.

The real estate business made him understand a lot of potential business prospects but he couldn't decide upon something. During those days, Mr Jack also used to help in arranging additional services for his clients such as home insurance, security systems and other domestic amenities. Therein, he noticed that majority of the clients asked him to make arrangements for iron grills and doors for protection. Moreover, he also realized that this home related service had tremendous potential and there were very few providers of this service in Kuala Lumpur. Initially, he offered those additional services as a side business but then realized that the work required full-time commitment to ensure and meet client expectations. Mr Jack gradually side-lined himself from the real estate business and by the mid of 2002, started the full fledged iron stuff business. He managed to get a good start through his prior networking that he had developed in the real-estate business. The business was family based as his wife and eldest daughter also served in areas related to finance and customer management.

5Ds and Its Challenges

5Ds served major areas in Kuala Lumpur, particularly the area of Ampang Jaya. 5Ds worked closely with its clients, offering a wide range of individual products and package offers. Ranging from commercial to domestic, the firm had a variety of iron and aluminium based stuff to offer. Apart from standard designs, the firm also offered customized services and had managed to establish a good image in this regard. Whilst mentioning this, Mr Jack remarked that *“my daughter who also works in the firm, has great artistic skill towards designing. For the past four years, she has been actively designing grills and other related products for clients looking for customized services. This, as a result, has not only helped 5Ds in building a good reputation but has created a distinctively competitive feature to the business.”* Alongside domestic market, the firm had also offered services to prominent national companies and had a strong client base in the retail business sector. Mr Jack also recounted that the business was booming because products like iron grills have also become a decorative element these days.

The firm operated six days a week, from 10:00 am to 6:30 pm except for special projects, whereby employees were asked to stay back on agreed overtime allowances. Apart from Mr Jack, Ms Sarah (his daughter) and his wife, the firm had eight full-time workers who performed all the production work. For major commercial projects, 5Ds normally hired several part time workers as needed.

The productions in 5Ds involved labour intensive work which means that all the productions relied on the eight workshop employees (*refer to Exhibit 2*). All the workshop workers were foreign labours from Myanmar, Nepal, Bangladesh, and Indonesia; aged between 24 and 40 years. Most of these employees were very skilful to work and produced major grills and furniture products and they had been with the firm for more than ten years now. In addition, five of the workers stayed in the accommodation provided and the rest rented nearby shop lots and therefore they were very flexible to stay back for overtime whenever required.

All the workshop employees had been hired thru word of mouth among Mr Jack networks. The employees were full-time workers with an average salary package of RM3,000 (Malaysian Ringgit) per month which was considered a reasonably good salary for foreign labours in Malaysia. Additional allowances for overtime and off-site projects were also offered to

employees. 5Ds also took care of their working visa issuance and renewal along with annual insurance and basic medical payments. Talking about employees of the firm, Mr Jack reported, *“the workers are happy and so us. We are like a big family with different racial backgrounds, religions and language.”*

5Ds allowed three weeks of paid leave to staff on annual basis. The staff members can also choose to work with additional payment during their paid leave. *“This offer, in particular, is available for workshop employees in order to give them an opportunity to work and earn some extra bucks if they have no plans to visit back home,”* described Mr Jack.

Employees at 5Ds were seemed happy and satisfied with the firm. The individual working on iron grills named Amiru expressed, *“The work is tough and challenging. We are required to complete furniture, grills and even large cabinets in a day to two the max, which is not an easy task yet still; we enjoy it. The company does not push us to the limit, however, when we have to work in an off-site location, we are at times pressurized by the clients to finish the task as early as possible.”* On a question pertaining to the company and its management, he commented that *“The business is good and the company pays well. We are entitled to basic facilities like medical and insurance which was not offered by my previous employer.”* Amiru also mentioned that the wife of Mr Jack also visited the workshop occasionally and brought snacks for us. He believed that they had a family environment and did not hesitate to mention anything to Mr Jack or Ms Sarah.

Atul from Myanmar, who had been in the business for eight years disclosed that *“What I like the most about 5Ds that there are no strict rules and regulations. We are even free to work till late without any penalizing if there was something that we couldn't complete on time. Mr Jack is very soft hearted and treats us well. Despite being old, he stayed back with the workers to ensure we get all the needed guidance and support.”* Concerning the working environment, Atul described that *“the work is labour intensive, requiring extreme physical activity which at times stresses a bit.”* Further, since the work required constant engagement with welding, moulding and fire equipment, it was quite tough for them with no air-cons in the workshop. Even though they had gotten used to it, the climatic conditions in Kuala Lumpur were dry and humid, it exhausted workers in the workshop. The constant usage of fire hit up the workshop which at times was not very encouraging to carry on working.

Notably, both Amiru and Atul struggled to outline the right balance of the firm. Though it seemed that they were happy with the employment, the management, and the firm offerings, yet still there were many aspects of work conditions and job nature that potentially were challenging for them; which may also have been one of the major reasons for some employees who had left the firm in the past.

One of the employees also mentioned that off-site projects are very tough especially when they must work for some companies. The clients were sometimes very pushy and demanding and expect them to complete the work during the normal office hour (before 5 o'clock), which in some conditions it was not logically possible. He remarked that *"...we are always taught to work responsively with greater due care, thus sometimes it requires a little more time to make the work perfect."* According to Mr Jack; *"The work is challenging and there is no doubt in it but if the person is skilled enough to do it then there is no problem in it. We have trained many people over the past decades and a lot of them have progressed and started their own business, offering similar products and services. For all of them, it was not easy in the first place but slowly and gradually they obtained responsive skills and decided to make a serious career out of it."*

It had remained a constant challenge for the firm and Mr Jack, as the owner and the managing director to attract and retain the local workforce. *"You can see that despite being a family business, we offer competitive salary and benefits; yet we are struggling to attract and retain local Malaysians,"* expressed Mr Jack. Though there had been a few instances, whereby he managed to hire a few local Malaysians, none of them stayed for three months even.

Referring to this issue, Ms Sarah, the general manager and the eldest daughter of Jack highlighted that, *"I believe that there are several essential issues that need to be principally resolved in order to ensure effective local workforce retention but sadly we don't know what they are."* Adding to this, Mr Jack said, *"We have been taking efforts to a greater extent to facilitate local Malaysians but there happen to be some intangible prospects that lead towards their turnover."*

Mr Jack also revealed that *"For example, we managed to attract a local Malaysian last year. The guy seemed to feel good about the company, work prospects and nature of the job at first, but exactly after one month, he resigned with immediate notice. I personally tried to*

accommodate him and see what could be possibly done to address his needs and expectations and/or any issues that he might have had faced but he didn't mention much except for some lame excuses and left."

Mr Jack explained about another similar case, an experienced local individual was hired for welding work. Based on his experience and skills in relation to thick layered, thin circled and pressure based welding techniques, he was also paid an additional amount apart from the salary. The guy had a promising career with 5Ds, and at one point in time, they were thinking of promoting him to a supervisory role with additional roles and responsibilities. It would have been very good for him too since he had an aspiration to become workshop in-charge. His work was quite good as he had been doing this nearly 13 years, but surprisingly he also left without even notifying. The management also attempted to call and contact him but sadly he didn't respond.

Mr Jack continued and uttered, *"Maybe it is because of the physically challenging nature of the work but I am not sure."* He disclosed that the firm also paid a handsome salary which was not generally offered by other similar businesses in the country. On a question concerning the amount of on-site and off-site work, Mr Jack mentioned that the business was growing particularly in terms of the off-site projects. Normally, the specific workers were informed one day in advance regarding the nature of work and client address so that they could reach there well in time. *"One thing that I have noticed, employees are sometimes reluctant to go and work on off-site projects. This may be because they should deal with the clients directly and some of our employees have a language issue. Similarly, it could also be because they are required to reach the site well before our usual workshop timings (8-9 AM),"* commented Jack.

The Way Forward

"I have always aspired to contribute towards our national prosperity. Being a Malaysian with 30 years of hand or business ownership experience, I have always desired to help local people earn a better living and get into this potential market. This sector has tremendous potential and people can easily expand and grow further and one of our employees successfully did so. He now has its own iron grill workshop in Johor Bahru and earning a reasonably good monthly income," expressed Mr Jack. *"My homeland has given me so much, even more than what I*

personally deserve and the best way I could possibly contribute back to the society is only through creating more employment opportunities for the locals,” uttered Mr Jack who felt thankful and responsible towards his country.

Obviously, the Malaysian job market was in shambles these days which worried Mr Jack as to how he can play a part, being an active beneficiary of Malaysia's earning prospects. Mr Jack was determined to solve the issues and look for practical solutions to deal with a high turnover of the local workforce in the firm as well as to attract more local workforce. He was also interested and genuinely willing to offer great entrepreneurial visions and opportunities to the local workforce. He looked forward to making any partnership or business collaborations in expanding the business: *“As the time passes by, I seriously realize the need for some local entrepreneurs to work with and may even engage in partnership contracts at some point in the near future. I am interested in expanding the business for more economic prosperity prospects in other cities and states if I could get hold of committed and right-minded local individuals.”*

Ms Sarah added to her father comments: *“The company is even willing to negotiate and offer some special incentives to the local.”* She believed that there were also aspects of negotiations in terms of the number of working hours and/or schedule flexibility that could be important for local citizens due to their family and other domestic engagements. She remarked that *“I aim to do something that would benefit the countrymen in the long run; something that we could help our people and economy on mutual grounds. There are tremendous potentials in our local human resource and I have a firm belief in this expression.”* Probably the prevailing issues required some particularized attention for which, Mr Jack and his 5Ds firm were also very much in need of.

How should Mr Jack and his firm address the challenges in recruiting and retaining the local workforce? Has the business been able to cater to the needs and expectations of the local workforce in a responsive manner or there was something else causing all these problems? How should he strategize to attract the local workforce?

Exhibit 1:5Ds - Organizational Structure

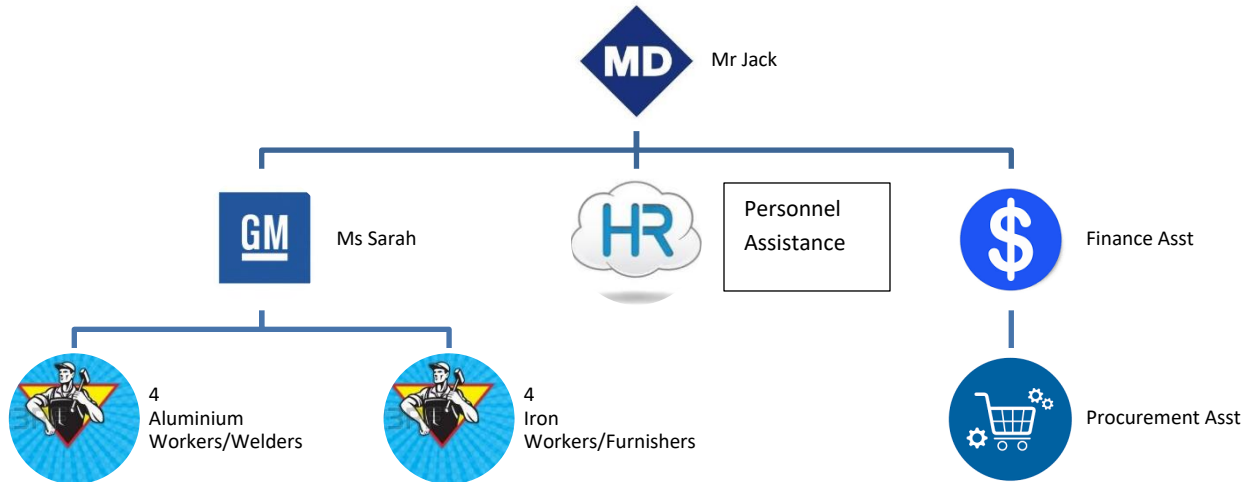


Exhibit 2: Foreign Labour - Employee Information

The three office assistants were foreign labours from Indonesia whereby, details regarding the workshop employees are as follows:

No.	Country of Origin	Number of Workshop Employees
1	Myanmar	3
2	Nepal	1
3	Indonesia	2
4	Bangladesh	2

Managing Raw Material in Baked Tapioca Cake Manufacturing Industry

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The Opening Paragraph

Mr. Hafiz was a young entrepreneur who had been on the hunt for the perfect business. After being involved in the property industry as an evaluator for a few years, he wanted to find a way to spend his time by being productive and involve in business he interested most. He was ready to start a new chapter. His passion towards traditional Malay dessert drove him to start the Aura Bengkang Enterprise, a small scale business producing baked tapioca cake – a type of cake requiring unique culinary skills and material use (i.e. the cassava).

Not everyone had the required skill set to make the tapioca cake, a traditional semi-soft, chewy yet fragrant Malay dessert. With a tinge of excitement in his voice, Hafiz confessed that his family's recipe was so good that he could make them for business. Hafiz had always loved mixing and cooking the tapioca cake with a combination of his grandmother recipe and traditional Malay recipe. He was a master in his own kitchen. He considered becoming an international manufacturer for traditional Malay dessert in the future.

Being a person who liked to think big and pencil out all of his ideas, he ultimately concluded that it would be difficult to scale up his business with limited management skills in handling raw materials for the tapioca cake, the cassava. This is even worst, when he found difficulties in searching cassava suppliers who can supply the material for his daily baked tapioca cake production.

Background of The Company

Aura Bengkang Enterprise was registered on 12th of Mei 2009 under The Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia (SSM)). The company was located at No. B09, Komplek Industri Kecil Mara, Lorong Perak 8, Kawasan Perusahaan Mergong 2, 05150 Alor Setar, Kedah and had its own kiosk at Jalan Stadium Alor Setar. The owner of the

company is Muhamad Hafiz Shuib, assisted by Sales Manager, Mr Muhammad Sayuti Shuib and Manufacturing/Operation Manager, Mr Mr Nadzir Nordin. The company only had one general worker who helped them in handling kiosk. She is Miss Zuraini Ramli. The company specialized in the producing and selling baked tapioca cake which has an inviting aroma from the pandan leaves, eggs and coconut milk. The cake was a popular dessert in Kedah as Kedahan’s taste buds tend to the sweeter side. In addition to this, the company also produced other traditional desserts as its side products. The following table shows the product list and price:

NO	Type of dessert	Type A	Type B	Type C	Type D
1	<i>BENGGANG UBI KAYU</i>	RM 1.50	RM 10.00	RM 20.00	RM 72.00
2	<i>TEPUNG TALAM UBI</i>	RM 1.50	RM 10.00	RM 20.00	RM 62.00
3	<i>PULUT SEKAYA DURIAN</i>	RM 1.50	RM 10.00	RM 20.00	RM 62.00
4	<i>KUIH LAPIS</i>	RM 1.50	RM 10.00	RM 20.00	RM 62.00

The Cassava

The cassava area in Peninsular Malaysia had declined steadily due to illegal cultivation; land alienation policy with a bias against cassava; lack of encouragement by the government, which preferred other cash crops like pineapple, kenaf, corn etc; the switching from cassava to more lucrative crops; high cultivation cost compared to existing market price; low prevailing price for cassava roots; high labour consumption and competition for land between agricultural and non-agricultural activities during the economic boom prior to July 1997. The manufacturing costs were high in the local scene because of inefficiencies in the production chain. In Malaysia, cassava was mostly grown by small scale farmers on small plots of land with little or no inputs and this put a limit to production levels and extent of commercialization. These issues haunted Mr. Hafiz as his business depended on the cassava to thrive.

Managing Raw Material

Mr. Hafiz had bad experience with local cassava suppliers as they tend to supply their cassava to larger manufacturers than to smaller ones. Due to the issue, he started to source his supply from Thailand, as he found the imported cassava to be cheaper. Thailand had

demonstrated the importance of cassava as more than a subsistence crop, and had developed a large and complex industrial system for processing and marketing of the crop. The issue of shortage in local cassava led Mr. Hafiz to seek advice and consultation from the Plantation Agency. He made an appointment with Mr. Azizi, the Business Development Manager in KPK Plantation to solicit advice on how best to manage the supply of cassava.

First of all, Mr. Azizi advised him to allocate contract farming system to smallholder local farmers. This way, he could have secure cassava supply and reduce the risk of cassava shortages. As another option, Mr. Azizi encouraged him to provide all the input to small farmers and buy back the cassava. Thirdly, he needed to consider the production of good quality baked tapioca cake, as it was essential to its survival since consumers and buyers were becoming more aware of the importance of high quality food products. The quality of product can be imaged through taste, cleanliness, packaging etc. He was also advised to use new cassava processing equipment such as flash dryers, solar dryers, centrifuge, washing machine and peeling machine to speed up the production process and maintain the quality of cassava.

In terms of improving his product packaging, he informed Mr. Azizi that he has good networking with one of the local universities to come up with proper packaging for its product. Thus, Mr. Azizi advised him to make use of the collaboration to do research and development in producing superior cassava clone. As for now, research and development activities in cassava cloning by government bodies were lacking. According to Mr. Azizi, the best cassava clone in Malaysia was the “Sri Pontian” clone which had been proven to produce good yields. Hence, it would be good if Hafiz could get that type of cassava to produce the baked tapioca cake.

The Potential

Mr. Hafiz contemplated on the opportunity to produce some other cassava-based products. He was recommended not to depend solely on baked tapioca cake alone as his main product. As for now, the cassava was recognized as an important industrial crop that served as the raw material for various industries including chips, pellets, starch & starch derivatives and bioethanol. Thus, he could diversify his business by producing chips or bakery based products which used cassava as raw material. Cassava-based processed food also held

significant long-term potential for market growth in blended flour products, such as biscuits, breads and fritters.

Concluding Paragraph

Entrepreneurs have certain characteristics and skills that help them succeed. A tolerance for risk-taking is a necessary attribute for entrepreneurs.. Starting a business is risky, but entrepreneurs can spread the risks by convincing investors to come along as part of the entrepreneurial team. However, entrepreneur cannot avoid risks if they are going to start a new business and innovate. Successful entrepreneurs innovate in their own different ways. Mr Hafiz should be creative enough to improve on his tapioca cake product through packaging and raw material management.

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Acknowledgements

A very special gratitude goes out to the Co-operative Entrepreneurship Development Institute (CEDI) UUM for the assistance rendered and provision of fund for the work under the Siswapreneur@PPRN Programme.

A Media Celebrity and Persuasive Communication

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*You can make yourself enthusiastic by affirming enthusiasm and by thinking, talking, acting
enthusiastic – Norman Vincent Peale*

INTRODUCTION

Fedtri smiled at himself as he watched the mindful mind recalling past memories. The memories around the 1990s, stole his attention at the time. The children who ran to play in front of his eyes, cheerfully laughed occasionally. He smiled again.



Planning was everything. It would be going smoothly. Majority fans felt impatiently waiting for that amazing show. Wow! Giving a talk and performing songs simultaneously. Yes, it made sense. Building confidence and developing rapport with surrounding people. That was the main mission. Mission accomplished and succeeds with flying colours result.

~Fedtri~

Since primary school until tertiary level of education, he believe that he showed his excellent potential as a good orator by participating in competition representing school and university such as in debate, *pantun*, story-telling, and *pidato*.

Firstly, he impressed those people who can communicate very well because he claimed himself as an introvert person during his childhood. He was a shy boy who always hid himself behind the curtain at home when guests came to the house as he said. However, he believed that he should go on a stage and communicate to overcome a stage fright or “demam panggung”. Definitely, he started slowly, interacting with others especially those who have excellent communication skills and beginning to share experience by involving in competition. He highly believes that competition is the best teacher.



EXCELLENT PROTAGONIST

Ahmad Fedtri Yahya was born on 2nd August 1981 in Pantai Remis, Perak. He holds a Bachelor of Communication (Film and Broadcasting), minor in Islamic Studies at Universiti Sains Malaysia (USM). Currently, he is a Senior Producer on TV3.

Fedtri grew up in a fishermen's family in a small village located in Pantai Remis, Perak. His father, Encik Yahya bin Hasan, was a very enthusiastic and hard-working person raising his children. Her mother's hardship, Mrs. Rajmah Othman, nurtured and educated his siblings to be the catalyst of success and strengthening the spirit to achieve success in life. His mother was a gentle lady, well-mannered and loved by many. December 17, 2009, Mrs. Rajmah has breathed her last at the age of Fedtri 29.

Fedtri, this nine out of ten siblings is constantly striving to develop themselves by completing knowledge requirements and always seize opportunities and opportunities to gain new knowledge while empowering the use of language and communication skills. His active involvement in literary activities despite the fact is that Fedtri is a mainstream science student, beginning as early as childhood and continuing to university-age and up to a career nature.

Ahmad Fedtri Yahya had excellent communication skills, which often resulted in his being chosen to represent the school for storytelling, speech, lectures, pantheon competition, poetry / poetry declamation, and debate. His tendencies and expertise in language skills were the charm of friends and acquaintances to make him a source of reference. He was often entrusted with the responsibility of being a student leader because of having high self-discipline, trustworthy, competent and committed to the task.

Due to the deep interest in the communications world, Fedtri chose Universiti Sains Malaysia (USM) Penang, to pursue a bachelor's degree. He was a graduate student of Bachelor of Communication (Film & Broadcasting) USM with minor Islamic Studies. He received the USM Vice-Chancellor Gold Medal Award during the 2003 USM Convocation Ceremony.

The husband of Mrs. Nurul Anati Ismail and the father of three cute children (Indah Sutera Jannah, 5 years, Ahmad Willdan Arjuna, 3 years and Indah Rauvda Inaara, 3 months) had the incredible intuitive communication skills to 'rouse' and guide the soul of his wife and children. Fedtri always thinks of creative ideas to honor the wife who have struggled to give birth and nurture their children, he often makes a surprise by giving gifts placed in special places like under the veil and when his wife wakes up. In a spare time, Fedtri with his wife and children will

sit together to scan memory through archives in gadgets such as a shared adventure experience. The opportunity to go out with family is fully utilized without interruption.

Apart from that, Fedtri wised in adjusting the intimate language by using specific terms or words that are only understood by the couple and their children. This showed how special they are in his heart. The main principle of family is confidentiality of the household. Although he was one of the media celebrities, he never shared his home secrets with outsiders. Busy is not an excuse for her to stay away from her family. When he was away from a family due to his demands, he often used mediums like WhatsApp to keep in touch with his beloved wife and children.

... Do not leave any room left behind ~ Fedtri

Although not through voice, communication through intermediaries should be present in the form of interesting and entertaining messages. For example, he likes to edit interesting pictures and send them to his wife. If for children, he chooses a humorous application that will make the children laugh. The happiness and happiness of wives and children is the real happiness of the family institution.

Fedtri and Media Programme



Fedtri need to be closer to the crowd in the media arena. Duties as council attorneys, independent speakers (motivators), and forum moderators led him to think of various initiatives to reach the hearts of the audience. Various interesting techniques to foster relationships with audiences and form rapports are used,

among which Fedtri believed in gifts or souvenirs capable of building bridges to the hearts of audiences.

Figure 1: Fedtri in the TV3 Studio

Beautiful language connects us cautiously. The beautiful language originates from the heart of the speaker, exits through his mouth, enters through the ear of the listener, and reaches the heart of the listener. Fedtri said, “When first meeting new people, use a language that increases their degrees. Call them with their title or gentlemen. The women may be sensitive to their well-being, especially for those who are not married. Call them with a sister or a nickname. It's hard to call them as an aunt or aunt”.

The language used has its effect. We will feel comfortable with the person speaking with us using a positive language. The language used will give a picture of who the speaker is. For example, the name will give an overview of our identity. Language will also state our status. Effective language will attract other people to us. Name is a language that has a profound effect on the identity and identity of an individual. Names do not just reflect the identity, but names form the way people think about us. The name also helps us see and evaluate ourselves. Some cultures are very concerned about name calls in conversations. Language represents a person's status. Often, when a person speaks a positive, orderly, and informative language, we make assumptions; these individuals are highly-educated or highly educated. To enhance the style of speaking, extensive vocabulary should be owned by an individual while ensuring that the vocabulary is used in place.

Storytelling techniques are also an important skill adapted by Fedtri to attract audiences. The narrative revolves around the story of his experience as his journalist and his adventure epilogue making the audience feel more excited and impressed by his achievements. The 36-year-old man holds the principle of 'every moment of importance' when given the opportunity to deal with audiences. Hence, proper language selection and strong keyword use support the needs of audience categories, such as terms used by adolescents in contrast to the term used by senior citizens.

Proper selection of the term with the category of society demonstrates a high level of sensitivity and fulfills the principle of da'wah that we need to empower the privilege of a group of people and feel themselves part of their culture. The use of logical and factual media materials is able to reinforce the trust and confidence of the audiences in the issue.

Since his debut in the art world, Fedtri active as a lyricist. He wrote a lot of song lyrics of big names like Noraniza Idris, Nora, Datuk Siti Nurhaliza and many more. Among the achievements:

1. The Creator of the Creative Ethnic Category - The Champion Award for the Song 22-Samudera (Nora)
2. The Best Ethnic Pop Song - AIM 17 - Enjut (Noraniza Idris)
3. The Best Ethnic Pop Song - AIM 18 - The Power of Love (Noraniza Idris / Black)
4. Juara Cipta Patriotik Lagu 2010
5. Tiga Pertandingan Cipta Lagu Irama Malaysia 2010
6. Lirik Terbaik - Anugerah Erti Merdeka.

In addition, among his published program was *Malaysia Hari Ini* (MHI), *Jejak Rasul* (Trail Apostles), *Madrasah*, *Khurafat* (Superstitions), *Dari Masjid ke Masjid* (From the Mosque to the

Mosque), and many more documentaries concept of Islamic view and humanity. Now, he is also active as an activist poetry, author, lyricist, and motivator.

14 years' experience with the world of broadcasting opened his mind to continue working in a variety of arenas. The scope of the assignment as a Senior Producer; he was doing research, produce and is involved in planning, scripting, shooting, editing, post-production and other related issues. Before an idea is accepted, there is some process of 'pitching to the marketing/brand management' whether the idea/ program proposals that their team have got value for sponsors and content TV3.

Persuasive communication is one way that people communicate with other people. In addition, the purpose of the interaction is not easily achieved without the existence of rapport among those involved in public speaking. Public speaking is a process that is set between individuals and groups of individuals who convey the message or information directly. It is a two-way communication in courses, conference, debates, commercial activities and others.

Communication is a fundamental persuasion in public speaking to invite listeners to think, to create awareness about the topics presented, and subsequently take appropriate action. Communications soliciting is human communication affects listeners to change their attitudes beliefs or values.

Social anxiety is associated with a distinct pattern of public speaking barriers. To portray an effective public speaking may be improved by building public awareness. Barriers in public

speaking including language, cultural, life background and psychological barriers. In this circumstances, the individual aim to persuade and convince other people to accept their idea should have skills in interpersonal communication. In addition, excessive persuasion either by the media or to the public would adversely affect the formation of the society itself.

Very well communication strategies in soft skills are the most foremost criteria in attracting people to listen of what speakers say. Versatile ability of using verbal and non-verbal type of communication appropriately will ensure the high quality of sending messages. Correspondingly, public speaking is another skill that needs to be honed in order to enhance the quality of information transmission.

Conclusion

A credible speaker will have tendency to simplify their words and interpret the information. Communication is very wide and we cannot say communication is only way to communicate with one person and another, but also depends on contacts in workplace in the globalization world. We need to deliver our message to the right audiences. Used the right word to the particular circumstances bring a high impact of understanding the public speaking. As a communicator, we have to choose the proper words to create audience understanding in order to gain their awareness.

If you are conversing in English, use proper English. Don't bastardize the language and pepper it with slang. You can only use slang if the people around you speak the same way. But if you're in a group with people of diverse

backgrounds and interests, slang is not appropriate. Speak in a manner that is understood by all to avoid possible conflict.

~ Fedtri

Proper style of communication can enhance your relationships, boost self-esteem, and help you achieve lifelong success. On the other hand, continuous use of conversation blunders may hinder you from attaining your goals; so be very careful and aware of every word coming out of your mouth.

SETTING UP IMMIGRANT BUSINESS IN MALAYSIA

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Synopsis: The top priority of the survey was to examine the success of a new business as a foreigner in remote area. The uniqueness of this restaurant was, it offered premium quality Bangladeshi flavoured cuisines which were not only admired by the local people but also many foreigners from different countries repeatedly visited the restaurant. The growth of restaurant Taufeeq Bistro was positive and profitable.

People who lived surrounded community started visiting the restaurant and the business of Taufeeq Bistro had grown rapidly. The return on investment was yet to collect fully, however the restaurant would able to generate profit on its expenses to prepare foods. Location of Taufeeq Bistro was the crucial for its success. The restaurant is just around 8 miles away from the Northern University of Malaysia campus and situated within highly populated residential area. Thus, it was easy to penetrate the local, migrated and international community, since the university hosted lots of foreign students and faculties. From the survey, it can be said that foreigners contributed around 20% of the restaurant's profit. Within a year of establishment, the owner of Taufeeq Bistro made this decision to extend, but according to him, it was needed for the continuous growth for his previous restaurant, since the new building was covering him little from the front.

Operating a restaurant successfully is a major challenge. One of the most significant success factors in the restaurant business is the location. If we look into the case of Taufeeq Bistro (Mr. Obaidullah), he was doing extremely well in the road side food stall in Paya Terubong, Penang. His business maintenance costs were immensely low. Business setting up cost was visibly lesser than Changlun. He hired fewer employees that required less labor cost. However, he earned a very high profit. But, we saw it's not always our wish to relocate, sometimes it's the policy that pushed us to decide.

1. Introduction

It's a muslim country but a completely different one in terms of history, significant parts of the culture, language and the common understanding that guides business contracts. These are some of the thoughts of any foreigner from a Muslim country as he contemplates opening a restaurant in Malaysia.---how does one cope with all the challenges---business Visa, labour laws, health codes, menus, supplies, cooking, service, furniture, location, land rental versus purchase and so on. These are some of the questions that must be thought of, and the answers found, as the decision to open and operate are finalised. They are particularly acute as he has had to move from a larger city, Penang, and chosen to relocate in Changlun.

a) Taufeeq Bistro is a new restaurant serving Bangladeshi/Indian/Arab food located in Changlun, where it moved about two years ago. It faces competition from restaurants inside campus and from local Malay food. How to position itself in a new location so as to able to maximise profits is the problem facing the owner, Mr. Md. Obaidullah. The problem is acute because he also had a restaurant earlier in Penang which did not make profits and so he had to close it down.

b) Urban myth has it that restaurants fail easily---about 90 to 95% in the first year---but this has not been sustained by detailed studies in the USA. Failures range from 25% to 35% in a year. But this does not mean that the ten rules that new business have to follow do not apply: The most common reasons why failure rates increase at the beginning of a business :<http://possector.com/management/restaurant-failure>

- Low start-up capital
- Poor knowledge about competition
- Wrong Location
- Poor restaurant promotion
- Inconstant offer
- The bad partnerships relations
- Poor inventory and staff management
- The lack of original ideas

In the USA, the greatest danger is starting up with inadequate capital and being forced into compromising with quality thereafter. It will be interesting to see how far the same features apply in Malaysia and whether foreigners are especially prone to some of them.

c) Profits of course depend upon revenues and costs, with revenues based on demand and supply largely determining costs. Demand for Indian/Arab food must have two components: a steady demand based upon those who already have a taste for Indian/Arab

food and a growing demand for those who will come to acquire the taste and enjoy Indian/Arab food. Let us call these the foreign and local components respectively. As foreigners will be the base demand this requires a location close to them, but how close? And if it is too close to the foreigners, how will the locals ever get to acquire a taste? Solving the question of location is the first issue for a restaurant. Proximity to demand has to be solved in conjunction with land price, rental rates and availability of labor.

d) Product differentiation requires a niche for Indian/Arab food, but then it has to be cooked so as to be distinctive. Arabs prefer bread to rice, the opposite is true of the Malays. While the resident foreign population is substantial---several thousand---this is not a proper location because the students are mostly undergrads who cannot afford cars and therefore are unable to come outside campus. It is only the graduate students who have more funding to buy cars and drive out. Earlier experience in AS showed him that advertisements through leaflets at Tesco and MyDin do attract some Malay customers but they are only occasional ones. A steady customer base needs to be built.

Malaysia is one of the main business and financial centres in the Asia-Pacific region. Accounting is playing an important role in the growth of the corporate sector and has the potential to spearhead the development of capital market in Malaysia (Susela, 1999). The Malaysian government has attracted substantial foreign direct investment and participation in the securities markets and this has increased significantly in the last 30 years. While there is an abundance of studies on the effect of immigrants on the labor market outcomes of natives, 4 much less is known about their firm-level effects. Recently some studies have emphasized mechanisms that would allow the absorption of immigrants within firms without a negative wage impact.

Food is one of the key rudiments of culture and presents possibilities for dissemination of numerous cultural contents (Kim et al. 2016). Nyonya cuisine, also called as Peranakan cuisine is the product of cultural borrowing and cultural innovation through exposure to local sources of food such as ingredients and principles of food preparation which are non-Chinese (Tan, 2001).

The inventive Peranakans altered the traditional Chinese food bought from China due to the limited main ingredients and to suit the local palates. By also mingling the dissimilar cooking methods, they created the exotic Nyonya cuisine is one of the most enduring components of their distinctive culture. The Peranakans are localized Chinese, a distinct ethnic group with its own unique customs developed from the blending of Malaysian

and Chinese cultures (Hall, 2013). The arbitrary term is an Indonesian/Malay word with multiple meanings.

The intermarriages between the immigrants and indigenous women were pivotal during the early expansion of the unique culture. Therefore, the social phenomenon is not a biological factor of 'mixed blood' (Clammer, 2000). It is important to note that the Peranakans today are identified by virtue of their culture and self-identification and not because they are of mixed blood. The intermarriages lasted for basically one generation and for hundreds of years, the Peranakans preferred endogamous marriage whereby they married exclusively amongst their own (Lee, 2008).

2. Background of the Organisation

It was 2004, Mr. Md. Obaidullah immigrated to Malaysia searching for a better life and secure future. He is a Bangladeshi citizen who came to Malaysia with Guru visa (known as a visa for Islamic school teacher). He explained the Guru visa is for prospective teachers who wish to teach at Madrasah (Islamic school) in Malaysia, however, they needed to obtain enough qualification; such as, Dawrah Hadith, Hifzul Quran and other core Islamic education that also examines by the related authority before granting the visa. The basic salary of him was RM 1200, a round ticket annually and some occasional income as Hadiah or gift during the month of Ramadan.

He first arrived in Kuala Lumpur (KL), the capital city of Malaysia and joined in a Madrasah to teach the Holy Quran to its students. After few years of residing in KL he moved to Alor Setar, the capital of the state of Kedah to teach at another Madrasah for a year. Then he moved to Penang and resided there for quite a longer period. He was using same visa status during his relocation in different places for living and found similar job. By the time passed, he found ways to be blended with the local community as a teacher and started learning the local language.

His social orientation with local community presented him as a good person to others, thus, one of his colleagues brought to him a proposal to get married with a lady from Penang. With the family's willingness in 2009, the couple started their new life together. Sooner after, he realized family life requires more money to survive, but his salary from teaching at Madrasah was less than requisite. Though his wife also contributed in household income, yet the couple faced a struggling life. As a result, he started looking for other possible opportunities.

Generally, foreign workers in Malaysia like him are not allowed to involve in any formal income generating activities except the work has permitted by the visa status s/he holds, or without the formal and written approval by the sponsored employer. However, the case of his has changed since his marriage with a Malaysian citizen. As a spouse of local citizen, he had options to work extra in different forms and enhance his household income, but taking the right decision was not easy for him. He consulted with many peoples whereby some advised him to start a business. Perhaps he liked the idea of new setup a business, but doing that in real with zero experience of business was simply unpredictable for him. However, he began saving money from his job.

Today, he is the owner of a mixed-cuisine restaurant named Taufeeq Bistro. The restaurant is located in Changlun, a suburb town of the state of Kedah, Malaysia and about 7 miles away from Malaysia-Thailand land border and 8 miles away from UUM. The restaurant is serving a variety of foods to both local and international communities living in this area. But his journey through the years was not smooth and successful as today. The major reason behind the potential difficulties was his citizenship.

3. Setting up Business as a Foreigner and Expansion of Business

Mr. Md. Obaidullah was motivated for his new business and he was looking around for potential scope. He used to visit places in Penang where a large number of Bangladeshi workers live or gather in their weekend. Bukit Jambur in Penang is, among other spots where he found not only Bangladeshis, but also many others nationalities' people usually visit both occasionally and repeatedly. The reasons behind the attractiveness of this place are big factories where foreign labours work and available shops that give them access to their home countries' products.

As a citizen of a different country, he easily understand the feelings and demands of home countries' products. It is an emotional and psychological attachment rather than the market demand. Therefore, he decided to open up his own shop. The guy helped him to get necessary products and items on due amount from the suppliers. He considered that a huge support for newbies in the business.

After facing all those obstacles, he managed to kick up his first business a Mini Market in Bukit Jambul, Penang. He neither took any loans from formal or informal financial intermediaries, nor any financial supports from family-friends or others. Sooner later, he realized the business portfolio was getting stronger and the return on investment also

enhanced, but it required more time. Therefore, he left his teaching job at Madrashah and concentrated on his business. The investment cost of the Mini Market was as per the table 1.

Table 1: Cost of investment for the Mini Market

	Cash Investment (Savings)	Purchase of Products (A/C payable)	Total
	(RM)	(RM)	(RM)
Mini Market	30,000	87,000	117,000

Bukit Jambul is a place where many Bangladeshi, Nepalese, Indonesian and Indian workers often visit in both working days and weekends. Besides various departmental stores, there were a number of restaurants owned by Bangladeshi businessman that served food items cooked by Bangladeshi chefs which logically different in taste. Bangladeshi cuisines are prepared through a good mixture of various spices and salt that eventually finish as flavoured and spicy dishes. The demand of those different tasted food items was very high.

As a result, he got inspired to start a food stall since he also had the same access to the resources like other Bangladeshi restaurant owners. That motivation pushed him to rent a small extension besides the Mini Market, which he used to prepare basic foods for regular and occasional customers. Most of the inventories needed to prepare food items were also supplied by his Mini Market. Within a few months, the small food stall showed more profits than the Mini Market. Thus, he realized the food business was more profitable and his competitive advantage was the ability to prepare different tasted foods.

In addition to this, he decided for further expansion of his food business and he started looking for the most appropriate location. Subsequently, he found a new location in Relau, an industrial area of Penang which was just 2-3 miles away from his Mini Market in Bukit Jambul. He quickly rented a shop on the ground floor of a multi storied residential building and established a full fledged restaurant. The main reason of opening restaurant at this location was prospective customers. Since Relau is an industrial area and a large number of factories situated here, thus many foreign workers lived in surrounding areas.

His restaurant was earning positive, but by the time passed more and more people started taking foods on the account payable basis. It should not be problematic if he managed to get back all accounts receivable. But the default rate was increasing and the restaurant profit was decreasing. Among the other, the most common reason of default was relocation of workers. A majority of the workers often change their place based on the working site and

some went back to their country. Though people who still lived there did not repay the full amount, whereby they paid a partial and continue extending the account payable ledger balance.

Another bad experience of him faced at his restaurant in Relau. His shop position was on the ground floor of a residential building and the back side he set up the kitchen. He putted the exos fan on the top of the wall near to the stoves that vacuum hot air created by cooking. Unfortunately, there was a parking area on the other side of the wall. Therefore, vehicle parked in that spot sometimes got dirty due to the exos fan. However, he gave strict instruction to his employees to clean up any vehicle parked there if that got dirty.

One day someone missed the instruction and a Malaysian guy found his car got dirty that made him extremely angry. The guy came to the restaurant and bullied on restaurant workers. The situation went out of control, eventually the guy broke down the exos fan and some other equipment of the restaurant. He was absent on the spot during the wasting, thus his employees called him to come up urgently. He, along with his wife reached there rapidly and found the devastating stuffs on the ground. It was very unfortunate and unlikely happened situation.

However, the incident was unacceptable, though he wanted to avoid it, but his wife wanted to bring the guy to justice since he took the law and order in his own hand. They called the guy and talked each other. Later it solved peacefully without involving any law enforcement authority. But the concluding scenario could be different for a person who had not married with local citizen. Locality gave stronger legitimacy, power to a person compared to a foreigner. That is why he felt less confident to combat with a local citizen, but his wife didn't.

Although it was peacefully settled, but he did not want to continue there, thus he was looking for another place to move. One day he was hanging around and stop by a suburb named Paya Terubong. There he found few road side food stalls near to the police quarter who was selling homemade food items in really comfortable ways. It attracted him deeply. He searched for a stall and he found a lady who was the wife of a police officer, she owned a position there. He talked with the lady and finalized the stall for immediate operation. The investment amount has presented in table 2 bellow.

Table 2: Cost of investment for the food stall in PayaTerubong

	Deposit	Rent	Renovation	Furnitures	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
Food stall	300	300	1200	200	2000

After basic renovation and setting up furnitures (transported from other restaurant) he started his food stall in Paya Terubong as a temporary basis in late 2011. This place was around 5-6 miles away from Bukit Jambul and 2-3 miles from Relau. He instructed workers at Relau restaurant to prepare Roti Chanai and Dal and brought those to Paya Terubong stall to sell. Primarily, he sent prepared foods and 1-2 workers to sell in the morning. The foods were appreciated by the communities and the demand increased dramatically within a very short period of time.

He increased his focus on the Paya Terubong food stall. He extended the sitting areas, rose workers from 2 to 5 and also enlarged food items. He set up a kitchen and started making food there. Though, it was his half day business from early morning to noon, the portfolio showed a sharp increase in revenue. Within few months he collected his return on investment and the food stall generated more profit than Mini Market, food stall beside Mini Market and restaurant in Relau. The main reason was lower expenses compare to other business in Bukit Jambul and Relau.

On one hand, He got more profit from less expenses in Paya Terubong, on the other hand, he was gaining less profit from high cost plus mental stress. Therefore, he decided to shut down his previous business in Bukit Jambul and Relau. Consequently, he sold out the Mini Market and a food stall extension at RM 72,000 and the restaurant in Relau at RM 15,000. Thereafter, he fully looked after his food stall in Paya Terubong and extend its operation hours from half day to full day.

He successfully did 4 years business on road side food stall until the official notice came out to remove every stall from there. At the beginning, it was loose, police came and fine RM 15 per day to people who did not remove their stall and continue opened. But a few days later, they came and demolished every road side stall that did not follow the legal notice. As a result, he needed to relocate his restaurant business to somewhere else. Since he grew up well and experienced, he was looking for sustainable business environment and a permanent location for his prospective restaurant business.

3.1 Relocation and Reformulation

Mr. Obaidullah wanted a fruitful relocation for this future restaurant. At this stage, he took more professional and formal ways to establish his restaurant. He first contacted within his network to get information regarding an appropriate location. Secondly, he registered a company “TBP Barakah Sdn Bhd” at Companies Commission of Malaysia or Suruhanjaya Syarikat Malaysia (SSM) under his spouse name. He spent RM 11,000 to register the company. He is one of the two Board of Director at the company. He also employed an audit firm from Penang for annual auditing and help him in taxation purpose.

Suddenly one day he received a call from one of his old friend who has a restaurant within the campus of the Northern University of Malaysia. The university is located in Sintok which is about 7 miles away from Changlun and nearly 32 miles from Alor Setar. He found it interesting since he already knew the area due to his previous visit. Hence, he immediately came to see his friends. The guy offered him a place beside his restaurant within the university campus, but the position was not permitted to open another restaurant.

However, he liked the offer due to very low cost of rent and deposit. Since he could not able to open a restaurant, he intended to start a laundry shop. After waiting long for water line he finally managed to run his laundry shop. But it was not his ultimate business plan. Therefore, he was continue searching a good location to relocate his restaurant. One day he was on the way back to Penang and luckily he noticed few newly constructed shops waited to be rented out in Changlun. The location was so attractive to him due to the large parking facility, roadside area and easily accessible.

He contacted to the landlord and made the further process to rent a big shop for his restaurant. He hired employees from the local community and transported some kitchen equipment’s, fridges and furniture’s from his Penang food stall. Within 6 months of opening the laundry shop he launched his new restaurant in Changlun on 1st May, 2015 and named it Taufeeq Bistro. But later he left the laundry shop. The shop he rented for the restaurant was newly constructed premises, thus he needed to expense a lot of renovation and side construction costs. The investment cost was as per the table 3.

Table 3: Cost of investment in the Taufeeq Bistro

Deposit	Rent	Renovation	Furniture and Equipment	Total
(RM)	(RM)	(RM)	(RM)	(RM)

Taufeeq Bistro	3,500	1,000	40,000	15,000	69,500
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Besides his investment for buying new furniture and equipment he also transported some RM 15,000 valued items from his previous shop in Penang that cost him RM 1200 as transportation expense. Besides that he had to construct a prayer room and restroom, extended roof that covered little courtyard and moulded the floor. Though it was a really big initiative by him, who started his business career in a foreign country with nothing, but his business showed a positive momentum over the years. Similarly, the return from the sale at Taufeeq Bistro was positive so far, except a month when the restaurant faced RM 250 loss.

3.2 Growing the Business of Taufeeq Bistro

People who live surrounded community started visiting the restaurant and the business of Taufeeq Bistro has grown rapidly. The return on investment was yet to collect fully, however the restaurant able to generate profit on its expenses to prepare foods. Location of Taufeeq Bistro was the crucial for its success. The restaurant is just around 8 miles away from the Norther University of Malaysia campus and situated within highly populated residential area. Thus, it was easy to penetrate the local, migrated and international community, since the university hosted lots of foreign students and faculties. Foreigners are contributing 20% of the restaurant’s profit.

On the other hand, the location he has chosen was not very popular to food lovers and also not well developed. While the Taufeeq Bistro was getting a desired place among people to hang out and chitchat, the nearby land owners also focused to develop their premises and build shop lots. The construction of new shops was quite fast and he found a good piece of shop lot to extend his restaurant. This extension changed the outlook of Taufeeq Bistro. With this extension he managed to set up an outdoor sitting area, a large prayer room, large parking lot and an additional restroom. Customers also focused this sudden change and their curiosity brought them in. However, it also cost him quite a lot, which has presented in table 4.

Table 4: Cost of extension in the Taufeeq Bistro

	Deposit	Rent	Renovation	Furniture’s and Equipment’s	Total
Taufeeq Bistro	(RM)	(RM)	(RM)	(RM)	(RM)
	4,000	1,500	9,000	-	14,500

Within a year of establishment he made this decision to extend, but according to him, it was needed for the continuous growth for his previous restaurant, since the new building was covering him little from the front. Apart from that, he also spent RM 7,000 to put tiles on the floor, RM 4,000 to brought new refrigerator and lump sum amount for other renovation and maintenance purposes. The steps have taken by him after relocating from Penang to Changlun for establishing Taufeeq Bistro was timely and appropriate. That gives a picture of an experienced entrepreneur.

Besides business strategies, the foods offered by the restaurant are scrumptious and desirable. The uniqueness of this restaurant is, it offers premium quality Bangladeshi flavoured cuisines. Which are not only admired by the local people, but also many foreigners from different countries repeatedly visited the restaurant. However, with the increasing demand he recently also added local and Thai cuisines. The growth of Taufiq Bistro is positive and profitable. According to him, within 1.5 years of establishment he managed to collect his investment back. Even the extension and other renovation took place later were from the profit of the restaurant.

3.3 Relocation: Challenges or Opportunities

Operating a restaurant successfully is a major challenge. One of the most significant success factor in the restaurant business is the location. If we look into the case of him, he was doing extremely well in the road side food stall in Paya Terubong, Penang. His business maintenance costs were immensely low. Business setting up cost was visibly lesser than Changlun. He hired less employees that required less labour cost. However, he earned a very high profit. But, we saw it's not always our wish to relocate, sometimes it's the policy that pushed us to decide.

If he had options not to move from his Paya Terubong food stall, he would do that. Because he was getting well what he wanted to get as a business owner. However, he faced the issue of sustainability. He chose a location which was economically profitable, but logically unsustainable. Government policy did not allow him to continue a road side food stall where he wanted in Paya Terubong. However, he still had plenty of options to relocate within Penang, since he had two shops previously in this well-known big city.

But, he chose to relocate about 100 miles away in a suburb of Changlun town. According to him, he has multiple reason behind this relocation. Firstly, if he wanted to relocate within Penang he had to spend a higher amount than he spent in Changlun. Penang is a big and expensive city compare to Changlun. The cost of rent, labour, maintenance, etc.

everything are much higher in Penang. As a result, one of the prime reasons for relocation was to reduce the cost of the restaurant operations.

Secondly, he must need to find a sustainable business location. The location which is legally permitted to conduct restaurant business, since he has experienced how sudden changes in the government and administrative policy affect business operation, even a complete halt. Therefore, the relocation of his food business was must. Apart from that, he also wanted to move somewhere, where religious environment within the community would be preferable for Muslims. He explained that Penang is a less Muslims oriented place, whereby he preferred the opposite environment for his kids' future. The brief comparison has presented in the table 5 below.

Table 5: Daily Transactions Summary

Description	PayaTerubong	Changlun
	(RM)	(RM)
Workers work	5	8
Workers' wages	300	320
Inventories used	400-500	600-700
Utilities	15	44
Total	715-815	964-1,064
Sale	950-1,050	1,250-1300
Profit	135-335	186-336

Moreover, Changlun and its surrounding areas were known to him. While he decided to relocate and was looking for a new place, he found it could be a new, but profitable market for him if he managed to penetrate nicely. He looked nearby food shops around the Changlun town, but there was no one who could offer the same quality and tasted cuisines. A complete competitive advantage in the business term, indeed. However, the relocation decision and reformulation as Taufeeq Bitro found so far profitable. The restaurant has passed 1.5 years successfully and collected back its investment with profit.

Although it is not logically significant to compare between his road side food stall in Penang and Taufeeq Bistro in Changlun, however, we took a step to know how it actually differs. We compare the daily expenses, sales and average profit he earned in both of his food business. However, the table 5 just presented an average of daily transactions, though it

varies based on many factors and every day is not same profitable. But, according to him, his business is now profitable and he earned bank his investments. He said that his average profit from Taufeeq Bistro is between RM 3000-4000 per month. On the other hand, his profit in the Paya Terobong food stall was higher than this, but he is satisfied with his relocation decision and the portfolio of Taufeeq Bistro. He believed it was his most matured decision and the benefits he is enjoying every day.

4. Conclusion

The constructed data platform provides new statistics regarding the patterns of business formation by immigrant entrepreneurs and the medium-term success of those businesses. Beyond immigrant shares of entrepreneurs, rates of entry are more difficult to reconcile due to many alternatives for both the numerator (who is an entrepreneur?) and the denominator (what population are we comparing this to? It would be helpful to build a more solid research foundation for quantifying the magnitudes of immigrant contributions to the creation of new entrepreneurial firms in business management. A better understanding of how the existing immigrants in the United States can more effectively engage in starting new businesses requires careful study of the choices and policy constraints faced by immigrants in their decisions to build and grow new firms versus being workers in a larger corporation.

While the current study provides some descriptive analyses for a broader set of geographic areas, a more-detailed analysis of the impact of immigrant entrepreneurship on local job growth and economic development is warranted. It would be useful to build on this past work to understand the specific case of immigrant entrepreneurship. Many cities and local areas are attempting to leverage immigrant entrepreneurship directly, and we need to know more about the potential efficiency of such efforts and how any stimulus actually accrues. Finally, Mr. Obaidullah learned how to deal with high cost during his entrepreneurial journey using shifting method to minimize labour cost.

Acknowledgment

Financial assistance provided by the Institute for Management and Business Research (IMBRE), Case Study Grant: SO Code: 13628, University Utara Malaysia (UUM) is gratefully acknowledged.

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Sustainability Management of Damai Industries Sdn. Bhd.

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Introduction

Syukri graduated from Universiti Pertanian Malaysia in mid 1980s, after which he joined a number of manufacturing companies. After obtaining a few years of experience, he decided to set up a partnership telecommunication business as a franchisee. Unfortunately, after a few years of struggle, the business could not survive and eventually he was declared bankrupt. Apparently, the major contribution to his business failure was mismanagement and dispute between partners. But as a strong-willed person Syukri has never gave up and decided to divert into herbal cosmetics and health care industry that he strongly believed will have a better prospect in the near future. Hence, in 1998 he ventured into business by establishing Le Roselle Cosmetics and SPA. In September 2004, he set up Damai Industries Sdn. Bhd (Damai).

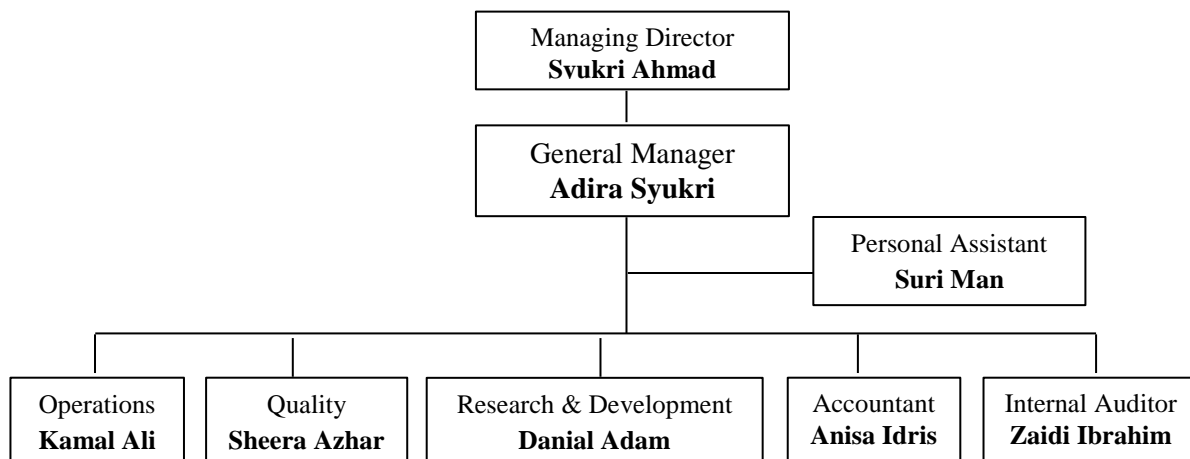
In the course of establishing his business, he faced many challenges and obstacles such as limited funding and support from financial institutions and government agencies. Despite of these difficulties, his persistence, perseverance and interest in this field has finally paid off. Today, he can be proud of his own products and achievements which have positioned his company at par with other reputable businesses in the same industry. Notwithstanding the rapid growth of his business, Syukri is still wondering whether his business governance is in a proper order. His concern arise from his past experience. In addition, he also planned to restructure the company of which Damai will be formed as a holding company in six-month time. In particular, his worry relates to strategic management, administration, marketing and financial management which could significantly hamper his business sustainability in future. Hence, it is high time for him as a Managing Director, to evaluate the current practice of Damai.

Background of Damai

Damai has been established on September 2004 in Kedah. Damai currently produces a variety of roselle-based health food and drinks, food supplements in the form of soft gel, tablets, sachets, powders and skincare products. Damai is also the producer of Original Equipment Manufacturer (OEM) for other entrepreneurs. The term, ‘OEM’ is used when one company makes a part or a subsystem that is used to produce another company’s end product.

In order to market its own products, Z-Line was established as a marketing arm. Such establishment helps Damai to mainly focus on production activities. To further strengthen the business, the company acquired a plot of land measuring 7.7 acres in Jalan Tunjang-Napoh to develop a Good Manufacturing Practice (GMP) factory with the concept of a “one stop center”. The center will be equipped with fully automated equipment and laboratories for research. The following is the organization chart of Damai, which is the central point of this case.

Organizational Chart of Damai



Scenario: At home (9.00 pm, 2 February 2016)

One evening, Syukri and Anisa were watching a television programme. Anisa poured hot water into a cup, added a spoonful of coffee and slowly stirred the mixture. A reality entertainment programme sponsored by his competitor (Datuk Zee) was being telecast. Their eyes were glued to the TV as the host announced, while smiling broadly, “*Good evening and*

welcome to the number one TV reality rating show to identify the talents of all-rounder entertainers among youngsters”.

Both husband and wife were silent as they watched the programme. Then, Anisa broke the silence. *“Honey, I am astounded with the steps taken by Datuk Zee. She is sponsoring a show that can attract millions of Malaysians, especially the younger generation”.*

Shifting his eyes from the TV screen momentarily, Syukri responded to his wife. “What makes you say so? What actually are you implying?”

Anisa: Honey, Datuk Zee is a well-known entrepreneur who markets beauty care products. When she sponsors the programme, she appears frequently on television and information about her business products reaches a wide audience, thus enabling her business to grow tremendously. Many of my friends are talking and discussing about her products and many are buying her products as well. In my view, I think she has managed to increase her sales ever since she started using the TV as her advertising medium.

Syukri: I certainly agree with you on some issues but disagree with others. I think sponsoring a TV reality show could increase public awareness of the products and be able to influence buyers’ decision. However, I have a different view on TV reality shows. It might be right or wrong. Some of the marketing strategies in the text book might not applicable to the real business situation.

Syukri: I personally believe that there are many companies that sponsor TV reality programmes now, which eventually promotes a hedonistic culture. I strongly believe that we, as a Muslim company, should sponsor programmes that can benefit viewers and also Islamic values. In fact Damai sponsored the second season of the Da’i programme in 2014.

Anisa: I am certainly inclined to agree with you, dear. What do you think makes us different from other players in the industry?

Syukri: I think right from the inception of Damai, we have been determined to be a leader in the Islamic product market by complying with Syariah principles. As part of our long-term plan, I have instructed our advertisers to put up billboards along the north-south highway and close to hypermarkets for our pre-production line-up. As a result, we have received many enquiries from the public on where to get the products. I think we have captured the attention of relevant consumers. My target is for Damai products to flood the hypermarket shelves. We

have negotiated with Al-Baik and Halal Mart chains to place our products strategically on their shelves.

Anisa: That sounds good, dear. Do share with me your upcoming plans, both for existing and new products.

Syukri: Well....I was thinking about expanding and strengthening the company's position. One of the ways is through a GMP certification to ensure our product compliance to quality standards. We have collaborated with relevant agencies and are committed to join exhibitions organised by government agencies, like MATRADE, MITI, SMIDEC and FAMA, to expose our products to larger markets.

Anisa: Wow! That sounds really good. What else do you have in mind, dear?

Syukri: Our report shows that the ratio of trading to the OEM business is 40:60.

Anisa: Frankly, being new in this company, I am not sure what the difference is between trading and OEM business.

Syukri: Trading is where we sell our own manufactured products or third party products. In our case, we sell products that bear our own brand name, such as Roselle, Solid Coffee, Solid Choice Sunnah, Waneyta Coffee, Solid Vision, Solid White, Solid Stemcell, Stegoat and SL Beauty. Since 2016, we have successfully received the "Hygiene Food Industry Responsibility" certificate (MesTI) under the Ministry of Health's certification for Small and Medium Food Industries. OEM involves producing products according to clients' specifications, which will carry their own brand names. We produce generic products, and the clients can add ingredients to make their products different from other products in the market. For that purpose, we conduct research and development or R&D to make sure the products comply with national and international standards and requirements. Also, we help them to obtain Halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM). We are fortunate that we have competent and experienced R&D staff. This allows clients to customise their own products.

Anisa: I see. But I was wondering.....why do we want to continue doing OEM, when we can have a greater monopoly over the market?

Syukri: I am thinking far beyond the business. I want more businesses in the market that provide halal beauty and health care products. Since we have the facilities, expertise, staff

and reputation as an OEM manufacturer for health and beauty care products, this is our opportunity to compete with the existing manufacturers. Not only that, OEM is a strong revenue stream for the company. Clients are required to pay upfront 70% of the sales value on confirmed orders for products. The balance is settled within a stipulated time.

Anisa: Now I understand your business logic. Then, what is so important with Z-Line to you?

Syukri: Z-Line is our business arm to market our own brand. Previously, all production, R&D and marketing of health and beauty products were under one roof. It was suitable at that time when everything was within my control. However, as the business started growing and we began to receive more orders for OEM, not to mention the demand for our own products, which has now increased beyond our projection, we realize that staff have too many tasks to handle and are beginning to feel the pressure or the greater work load. That's why we have split the business lines.

Anisa: Are you suggesting that we need to restructure our company?

Syukri; Yes! We realize that several functions need to be reassigned to improve the management's ability to monitor each entity separately. However, I still need you to closely monitor the cash collection for Z-Line. I am also seriously thinking of overseeing the external relationship with vendors and marketers and need someone to focus on the company's daily operations.

Anisa: How do you plan to finance the new facilities? I believe it requires a considerable amount of money to set up the facilities, considering that banks are reluctant to assist".

Syukri: What was our sales turnover last year?

Anisa: Our sales ranged between RM1.4 to RM1.6 million per month and our net profit was approximately RM800,000.

Syukri: That is good. I think we can cater to our financial needs for our new plant expansion using internal funds. Could you please work out the plan?

Anisa: Ok...a quick glance tells me that we can estimate that 30% of the profit should be set aside for business expansion. We need an initial capital of RM6 million to build and install new facilities.

Syukri: Don't worry dear. I have strong back-up from our suppliers and our bond is stronger than steel. I believe we are financially stable even though we do not have financial assistance from the banks.

Scenario: The Finance Department Meeting (8.30 am, 8 February 2016)

Anisa arrived early for a special meeting with Syukri and Zaidi. The meeting should have started at 9.00 am. Before the meeting, she had a quick chat with Zaidi regarding the financial matters.

Anisa: Zaidi, this is the audited financial report for the year ended 2013 (refer Appendix 1). Take a look! You may have something to comment. This is the year when our business started to boom.

Zaidi: Wow! Fantastic profit! But it seems that almost all the profit made in 2013 was spent on fixed assets.

Anisa: Are you sure? I am not too sure of this. Syukri told me we have to make some major changes to ensure that the company can grow faster. He also believes that the business can expand in the near future. That's why he has invested a lot on machinery.

Zaidi: Yes! It is true. About 86% of fixed assets purchased were machinery, and 10% for renovation and air conditioning. Computers and software took up 2%.

Syukri arrived on time for meeting.

Syukri: Assalamualaikum. Thank you Anisa and Zaidi for being here. I am afraid I need to go to Kuala Lumpur urgently. Before I leave, are there any important or urgent issues that need my attention?

Anisa: Well, since you are in a hurry, I will not bring up any issues today. Just one thing needs to be discussed now. In the last meeting, you asked us to propose guidelines or Standard Operating Procedures (SOP) so that new employees can easily assimilate the knowledge to carry out their tasks without too much hassle. We are happy to report to you that the Financial Procedures are almost completed. We are also working on Cash Control Procedures, including inflows and outflows of cash as suggested by Zaidi.

Syukri: Great! I am pleased with the progress you are making. If there are no other pressing issues for today, I would like to excuse myself. Probably, you can continue with the discussion. Thank you very much. Anisa, please update me on any progress via whatsapp.

As Syukri left the room, Zaidi and Anisa continued their discussion.

Zaidi: Anisa, could you please explain the credit facilities given by suppliers. I need to get a clearer picture of the company's accounts payable.

Anisa: The credit facilities depend on terms given by suppliers. Some of the suppliers can only provide credit facilities for a minimum transaction of between RM30,000 to RM45,000.

Zaidi: Does our company provide credit facilities to our customers?

Anisa: No credit facilities are given to OEM clients. They have to pay 70% upfront and the balance of 30% when the products are ready. However, clients can make special request to Syukri for credit facilities, if so needed. Syukri normally provides credit facilities for his loyal clients.

In the midst of the discussion, Anisa's phone rang.

Anisa: Zaidi, I need to take this call. I will be back shortly.

While waiting for Anisa, Zaidi recalled the moment he was first appointed as the internal auditor of Damai. Syukri expressed his hope that he can make changes and improvements to the company since he has vast accounting knowledge and experience. Even though the company did not have an audit committee, the appointment of an internal auditor was the initial step to enhance its corporate governance. Syukri wanted him to focus on strengthening the company's internal control and risk management.

Then, Anisa came back to the room

Anisa: Sorry Zaidi to keep you waiting. Where were we just now?

Zaidi: We stopped our discussion on credit facilities. What was the proportion of sales from each segment?

Anisa: Oh Ok. Our trading segment only contributed 40% of total revenue. The rest is from OEM. We have many OEM clients, mainly brought in by Syukri himself.

Zaidi: So, we should give priority to this group of clients for credit facilities?

Anisa: Yes, of course Zaidi. Now, I really need a more advanced system which can automatically update the company's data, specifically sales.

Zaidi: Anisa, can I get a clearer picture on certain current operations before I proceed with the SOP draft?

Anisa: The review of sales report helps the company to monitor the sales on a weekly basis. If the sales decrease, the company will discuss the problem and suggest appropriate solutions. The sales transaction for Z-Line is on a daily basis and the information can also be updated on a daily basis. However, due to certain limitations in the procedures, the sales transaction for OEM cannot be performed on a daily basis. It takes time to process the sales orders. There is a case where the client had already paid the 70% advance payment but the product was not delivered on time due to shortage of raw materials. Although it is under control, we still have to take this into consideration.

Zaidi: How about inventory control?

Anisa: We perform weekly stock-take randomly to make sure that the inventory reported is of the same quantity as in the report. A regular stock-take is conducted ever since I took up the post as Accountant to help reduce loss of inventory. However, we have to update the inventory bin cards manually since there is no system in place for inventory control.

Scenario: Vacation (8.00 am, 21 March 2016)

Family vacation is a must for Syukri as it is a good way to foster and strengthen family ties. This time, the family had chosen Meritus Pelangi Beach Resort, Langkawi as their holiday destination.. After an early breakfast, the family went to the beach. Syukri normally preferred to stay alone in the hotel room. This was an opportunity for him to think about his business' future direction and strategies.

Alone in his room, Syukri smiled to himself, deeply immersed in his thoughts and dreams. For him, success starts with a dream. Without dreams and a vision, there would be no success nor achievements. He was also very observant and studied the business environment and its impact on business strategies. For example, he learned that many people still like to consume soft drinks, such as Coca Cola, Pepsi and F & N although they know that it could be harmful

to their health. It shows that the right marketing strategies could attract consumers even though they know that the products can have an adverse impact on their health. This scenario inspired him to produce a healthy drink as an alternative to the carbonated drinks. He knew that people were now savvier and more conscious for their health. Producing a good and tasty health drink that was both organic and nutritious would surely be a step in the right direction for his business. 'Health and beauty, the natural way' was the tagline that was constantly in his mind as he aspired to become a prominent health drink manufacturer.

His dream was to create an "International Brand" name for his products. Hopefully, he could have enough funds to make a foray into the international market. He felt that an English sounding brand name, such as La Roselle, Solid White and Solid Coffee, would be more appropriate to penetrate the international market. His target to make his presence felt in the international arena was as soon as the company had adequate internal funding. Towards this end, Syukri initiated collaborations with MITI and MATRADE by joining their international trade events. Syukri also decided that his business should be relevant and suitable to all races; confining only to a specific race or area would not be good for Damai's future.

Syukri always planned well. He set aside a portion of the business cash flow for future development. His new factory in Tunjang, Kedah, for example, required between RM4 to RM5 million. He intended to work out a win-win arrangement with the local farmers, whereby the farmers could supply raw materials to his company. Currently, 98% of the ingredients or materials for cosmetics production was imported. Syukri strategised for the company to not only focus on producing their own products but also to provide consultancy and advisory services to customers. His business should also be able to produce customised products based on the needs of customers with regards to design, packaging and labelling.

Syukri aimed to improve the technology related to production of cosmetics and health care products. His measures for this included sending the top management and his R&D personnel to learn new techniques in South Korea. They also went to the Republic of China to seek and bring back raw materials which were not available in Malaysia. In addition, he planned to venture in a new business opportunity. He seriously considered setting up infrastructure facilities, including state-of-the-art technology that could be rented out to foreign companies. He wanted foreigners to come and produce products in Malaysia. Producers and investors from Japan, South Korea and European countries are potential clients for his business. Syukri was aware that the Japanese were very particular about product quality. They normally ask

for a sample of products to be tested and the products would need to go through a quality inspection based on their stringent standards. Although it was tough to earn their trust, this was one way to encourage foreign companies to produce their products in Malaysia. Products could be produced at a reasonable price and sold to the Malaysian or Asian markets at a lower price compared to imported products. This would indirectly help to improve Malaysia's gross domestic product (GDP). Syukri realised that 'Halal' beauty and health care products were receiving wide acceptance and attention of the community. Syukri aimed to make Malaysia the leading manufacturer for halal health and beauty care products.

Syukri is a man with many dreams; dreams that he hoped would one day come true. His mind suddenly drifted down memory lane - how he had worked so hard to ensure the growth of his business. One smart move that he had taken was successfully persuading his wife, Anisa to join the management team. Anisa had 20 years' experience working in Bank Simpanan Nasional (BSN). It was not easy for him to persuade her. Anisa was reluctant to accept his offer at first but she finally agreed as she also was interested in cosmetics and health products. Syukri was indeed very grateful that Anisa had accepted his offer because he knew Damai really needed someone who could help him to manage and improve the company's financial management and deep down in his heart, he knew one was better suited to the job than Anisa. He knew that he could not depend too much on his daughter, Adira. She was still young and lacked the experience to run the business..

From the balcony he could see his wife and children in the distance taking a stroll along the beach. Syukri was grateful to have a supportive family. Anisa's presence in the business really helped him a lot. He approved his wife's suggestion to appoint few staff to help her. He believed that a good team needs to be formed in order to strengthen the company's financial management. Syukri admitted that it was quite difficult for Anisa to handle everything on her own especially when he himself was constantly not in the office. Besides, he had to focus a lot of his time on marketing and meeting suppliers outside the office.

Syukri realised how important it is for finance and accounts to be handled by someone he could trust and there was no one that he trusted more than his own family members. Syukri was thankful that his wife had taken proactive measures to ensure that the accounts and financial records were kept and managed properly. For instance, Anisa had directed the financial staff, including Zaidi, to re-examine and correct all accounts and financial records from year 2014. This was to ensure that all decisions are made accurately.

Syukri breathed a sigh of relief. Damai currently had seven finance employees and all of them had degree qualifications. Most of them are young graduates. Anisa had brought Zaidi into Damai in early 2016 due to his vast experience in accounting and finance. Zaidi was appointed as an internal auditor in Damai and he is responsible for examining and monitoring the accounts and financial-related issues of Damai. Syukri was convinced Anisa and Zaidi and their team would be able to improve financial management in Damai. Zaidi was very objective in providing his opinions.

Zaidi once told him that operating without loans from banks was actually an advantage to Damai. However, Damai is quite weak in terms of its financial management and accounts. Syukri could not deny this; he accepted that something had to be done to address this. He had been managing the accounts alone before Anisa decided to join Damai.

Suddenly, the sound of a door creaking open jolted Syukri back to reality. He smiled as his wife and children trooped back into the room. His rumbling stomach reminded him that it was time for them to have lunch.

Scenario: In CFO's Office (3.00 pm, 20 April 2016)

Anisa flipped through the pages of her organiser to check the interview session to recruit staff for the finance department. For her, the important criteria were not just qualifications and experience, but also the determination to work hard and ethics. For staff who would be involved in cash collection, the selection process would be more rigorous as they would have to deal with cash, which sometimes might be in the region of RM20,000 to RM30,000 a day. In fact, Anisa had decided she would carefully scrutinise the financial background of the applicants. This was to reduce the risk of theft or embezzlement among these staff.

As a CFO, Anisa also emphasised on training for her staff. Yet, only few staff had attended courses, while others were still awaiting their turn. Anisa's working experience in the bank affected the way she dealt with her work. Anisa closely monitored the cash collection since the amount collected was huge. She also instructed that any payments done must be approved and the staff need to show proof of the payments made. Anisa conducted weekly spot-checks on the inventory. Physical balance would be matched with the remaining quantity in the records. Although Damai was still using a manual inventory control system (manual calculations), Anisa strongly believed that there would be improvement in the near future.

Anisa is very committed to her tasks and she also constantly interacted with Syukri through telephone or emails to provide updated information relating to financial management.

APPENDIX 1: FINANCIAL STATEMENTS FOR DAMAI

DAMAI INDUSTRIES SDN. BHD. BALANCE SHEET AS AT 31 DECEMBER 2013

	2013	2012
	RM	RM
PROPERTY PLANT AND EQUIPMENT	1,150,238	62,177
CURRENT ASSETS		
Inventories	8,755	12,789
Trade Receivables	25,981	25,047
Deposits	2,480	2,480
Cash and bank balances	2,309	63,594
	39,525	103,910
CURRENT LIABILITIES		
Other Payable and accruals	759,214	35,408
Amount due to directors	0	102,492
Provision for Taxation	27,875	4,297
	787,089	142,197
NET CURRENT LIABILITIES	(747,564)	(38,287)
	402,674	23,890
FINANCED BY:		
Share Capital	2	2
Accumulated Profits	402,672	23,888
	402,674	23,890

DAMAI INDUSTRIES SDN. BHD. INCOME STATEMENTS FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RM	RM
Revenue	1,263,714	442,487
Cost of Goods Sold	(568,119)	(316,097)
Gross Profits	695,595	126,390
Other income	564	20
Administrative expenses	(293,797)	(106,495)
Profit before taxation	402,362	19,915
Taxation	(23,578)	(4,297)
Net Profit for the year	378,784	15,618

IMPROVING EMPLOYEES' WELFARE

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SYNOPSIS

Employees' welfare includes anything that is done for the comfort and improvement of employees and is provided over and above the wages. Welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The welfare measures need not be in monetary terms only but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

Managing employees' benefits may reduce employment disputes and enhance employees' job performance. Nowadays, the public always question about civil servant's work integrity. All civil servants should carry out their duties with integrity in accordance with the pledge of public servants to provide good service quality, responsible and protect the religion. With the increment of cost of living, the need of good benefits package is essential to motivate civil servants to give their best services to the public.

Additional and improvement of benefits become subjects that always being discussed in union meeting as well as in Joint Council Meeting in Immigration Department. Mr. Ajeet Singh, The

President of Kesatuan Perkhidmatan Imigresen Semenanjung Malaysia (KPISM), always think about the dilemmas facing by union members. Immigration Department is one of the public enforcement agency of Malaysia staff. With the slogan “Integrity Professional Friendly”, this public enforcement agency, is an agency under The Ministry of Home Affair that established to govern the following functions:

1. Issuing passports and travel documents to citizens and permanent residents
2. Issuing Visa, Pass and Permit to foreigners who enter Malaysia
3. To monitor the movement of people at entrances gazetted
4. Enforce Immigration Act 1959/63, Immigration Regulations 1963, the Passport Act 1966, the Anti-Trafficking in Persons and Anti-smuggling of Migrants Act 2007 (amended 2010)

<http://www.imi.gov.my/index.php/ms/profil-jabatan/pengenal.html>

THE UNION

Recognized under the name of the Immigration Services of the Peninsular Malaysia, Kesatuan Perkhidmatan Imigresen Semenanjung Malaysia (KPISM) was established and approved on 1 January 1956 with registration no. 37. This union has emerged from several discussions by several discussions by several Immigration Officers in Penang leading to the Steering Committee meeting there and so on to the success of the establishment of a Union. KPISM was one of the earliest unions established about two years before the independence.

THE CHALLENGES

On 27th February 2015, Mr. Ajeet, the KPISM President, has instructed En. Mohd Fauzi, the Union Honorary Secretary, called a special meeting with all state representatives. This discussion is made to identify the employees' welfare that can be suggested to the management in securing the welfare of the staffs in general. Mr. Ajeed gave an impressive opening speech. He said "We got about 12000 workforces. Approximately, more than 10,000 are uniform staffs (enforcement staffs) and the remaining 1,000 plus are administration staffs. In comparison, the police force, they got approximately 100,000 workforces. We are 10% of police force strength". He added "The police force secure the security of the Malaysian nation that comprise with approximately 30 million populations. On the other hand, our agency taking care of the security of 27 million foreigners. This includes foreign tourists, legal foreign workers, foreign students and also expatriate as well as long term passport holders".

Mr. Ajeed feels disappointed looking to the benefits received by the Immigration Department staffs comparing to their responsibility enforcing Immigration lawsuits in this country especially at our country gazzeted entrances. He indicated that the responsibility of the agency's enforcement staff has been increased, he said "I have attended a talk at the Central Bank regarding terrorist money laundering". This criminal has made the agency staffs' duty more and more expose with cross boarder crime and international terrorism activities besides internal social problem committed by foreigners.

PROBLEMS IN EMPLOYEES' WELFARE

After an impressive welcoming speech by Mr. Amarjeed, all state representatives are invited to indicate problems involving the agency staffs in each station.

Representative from Johor: “I want to emphasize that in Tambak Johor Station, we expose with smoke from vehicles and yet no mouth and nose protection are given to us”. He added “The noise from vehicles also may make us work in stressful. For staff who stay in quarters and use their own transport, no additional allowance given to them. Hence, they got to spend a lot of money on petrol”.

Representative from KLIA: “We also experience the same problem. There is no parking space for Immigration staff at KLIA1. In addition, on top of spending money for petrol, some of us got to pay parking fines as they have no choice but to park their cars at prohibited space at KLIA1”. He also expressed his regret because the management never sees the facilities in KLIA1. According to him, many staffs got to sit on a non-comfortable chair to perform their tasks. “In KLIA, the workload has been increased as the total of flight increases, and yet, no improvement on the logistic facilities has been made. For instance, in KLIA we have a lockup. As the total number of detention increases, we need bigger lockup”.

Representative from Terengganu: “In Terengganu, we faced imbalance of staff compared to workload. Some staff got to extent their shift days in order to fulfill the required

total number of staf in a particular duty roster”.

Representative from Perak: He rises up an issue regarding training opportunity amongst Immigration staff. According to him it is very difficult to apply for training especially a training that related with their duty. He added “I also want to highlight the opportunity to be promoted to higher position. Now, at the agency, high positions such as station director and deputy director have been dominated by Administrative and Diplomatic Officers (PTD). Hence, it is difficult for the potential staff recruited by the agency to hold the positions. Another thing is, nowadays, the recruitment of new officers is more towards physical capability and body mass index. We need officers that can think critically especially in enforcement. To me, academic qualification is also as important as physical requirement”.

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Venture Sendirian Berhad : The Journey to Excellence

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Introduction

On 23 June 2015, Mr Abid Rashid, the Head of Venture Sdn Bhd was in a conversation with his CEO Mr Alvin about his worries regarding the fire incidence.

Mr Abid: *Mr Alvin, I am wondering why our employees are so reluctant to adopt pro-active safety culture.*

Mr Alvin: *We can't give up! You have to do something. And I do hope that it will not be too late. I do not want the same incidence to be happened again.*

Mr Abid: *Sure. I will try my best to sort out the issue.*

Venture Sendirian Berhad (subsequently known as Venture) was an oil and gas company which was in charge of handling the small and marginal fields that had smaller reservoir in Malaysia. The company was comparatively new. In the middle of 2014, the company encountered an accident while handling one of the projects. The fire was caught in the pump room which caused almost RM 21 million of losses. After investigating the situation, it was revealed that the main reason for this incidence was people's negligence. Considering the seriousness of the issue, Mr Alvin James, The CEO of Venture suggested Mr Abid Rashid the head of Health and Safety department of Venture to bring the pro-active safety culture among the employees on or before December, 2015. Mr Alvin was afraid, if the employees were not alert and aware of the safety culture, such incidence might occur again and again.

Venture Sdn Bhd

Venture Sdn Bhd was established on April 2013. The main business of Venture was to bring out the oil and gas from underneath the seabed in the floating storage facility before it could be sold as a product. The company was situated in the heart of Kuala Lumpur. It aimed to optimize production from all small and marginal clusters through operational, technical and cost effective methods. Mr Alvin James served as the Chief Executive Officer whereas, Mr Abid Rashid was the head of health and safety department of Venture. There were four general managers and other 40 staff who were working at Venture.

Mr Abid's Attempt to Change the Work Culture

Once the pump caught fire, investigation was carried out which revealed that mainly employees' negligence was the main reason behind the accident. Mr Abid consulted with the other general managers about the issue. He felt that, there was a need to take some pro-active immediate initiatives to bring the alertness among the employees and to make it a habit to think about safety on the day-to-day job and activities. He came up with certain rules to implement in this regard such as:

- Wearing the safety attire (specific jacket and cap, show) while on duty
- No smoking and no drinking in the workplace

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- Audit on regular basis, etc.

Mr Abid shared his difficulties with Mr Sarwar, his colleague cum a very trusted friend.

Mr Abid: *You know Sarwar, I don't mind to be patient and to explain our new rules and policies to our employees about the pro-active safety culture. But there is a limit. Sometimes it becomes difficult for me to have patience.*

Mr Sarwar: *What do you mean by that? Can you please explain further?*

Mr Abid: *Although we forbidden all to smoke in the workplace, I have seen several cigarette butts in the lobby. Not only this, in my absence, I have seen them not wearing the safety jacket during the inspection time. Don't know how why they are not embracing the new safety rules...!*

Mr Sarwar: *I understand how do you feel. Don't lose your patience, ya? There must some ways and I know well that you can do it.*

Mr Abid: *I hope so too...*

Mr Abid realized that creating comparatively a new culture was not so easy. This was because, most of the employees were reluctant to adopt a new culture. Moreover, many employees still used to smoke in his absence. Sometimes, they just did not bother to conduct the audit rigorously, instead they inspected the sites and the machineries just to fulfil the requirements. Even, some of them did not wear the safety jacket while on duty.

Conclusion

All these resistance made Mr Abid worried. He was concerned about inculcating the safety culture. However, he was not so sure, how to do that. The time was running fast. He had roughly 6 months in his hand to come up with a fruitful plan. Mr Abid was contemplating: *What changes can help Venture to successfully implement the Proactive Safety Culture?*

ATAN BINA HARDWARE SDN BHD: IT'S EXPANSION PLAN

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INTRODUCTION

It was early morning of 5th January, 2016. Nurul Zalikha (subsequently known as Nurul) was driving her car very fast to reach office before 8am. She had to attend one important meeting at 10am with her father Mr Ab. Rahim Bin Ab. Muthalib (subsequently known as Mr. Ab Rahim), the director of Atan Bina Hardware Sdn Bhd located at Masai, Johor Darul Takzim - West Malaysia. Atan Bina used to sell household hardware and construction materials. Nurul was driving and thinking about the discussion agenda. She whispered herself:

Yes, I know that the sales is declining, but I also know that there will be a solution to this situation. We can't just postpone our expansion plan for this reason! Who knows, it might turn out to be a better option to boost up sales? May be our location is not strategic to attract the customers! May be we need to open different outlets in different places with better strategic location! We can't leave the situation like this... We must find way out to increase sales...

Atan Bina Hardware Sdn Bhd was established in 2001 in Masai, Johor. After 10 years of its operation, the company started to lose its profit. The situation worsened at the end of 2014 and an increased number of orders started to be cancelled. Nurul suggested her father to open two more branches to resolve this situation which Mr Ab. Rahim did not find as an appealing option. However, he did not reject the option, instead, he asked Nurul to have a discussion to understand her point of view. Before she meets her father, she wanted to sit in her office desk to think properly about the pros and cons pertaining to the expansion plan.

Lots of thoughts occupied her mind.

I can see that, we have three options in front of us: first, either proceed with the expansion plan to open two more outlets, one at Muar and another one at Kuala Lumpur. Second, proceed with the expansion plan but with only one brunch at Muar. And the last one would be not to open any brunch for now till we recover the sales decline... Oh no! I don't wanna think about this last option... But we have to make a decision soon. Otherwise, the owner of the premises will release their reservations to other prospects.

She comforted herself: *I do hope that it will be okay soon by Almighty's mercy. We will find out the right option.*

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DESCRIPTION OF THE INDUSTRY

Malaysia's economy was projected to continue to grow at 4% in 2016. The positive growth was expected to derive from all sectors with the exception of agricultural sector that had been recorded negative growth or very small insignificant growth. As for the construction sector, the contribution to the economy had been consistent and stable with the potential to grow and benefit from the government's mega projects and infrastructure development plans.

During 2012, Malaysia's construction industry was looking considerably good despite slow economic growth in many other sectors. Since 2012, the sector had documented a double-digit growth and seemed to be resistant to the challenges faced by the overall economy (Manalingam, September 16, 2015). Although the growth in 2015 was of a single digit, it was still showing that this volatile sector was sustainable and growing.

According to the Construction Industry Development Board (CIDB), this was mainly due to the ongoing government's mega projects that had been approved under the 11th Malaysia Plan, the country's economic roadmap stretching from 2016 to 2020. It was announced that the development expenditure was set to be around RM260 billion under this plan, which was an increase of 16% from the 10th Malaysia Plan.

The long list of projects were spread nationwide covering most states and cities especially the big cities like Kuala Lumpur, Johor Bahru and Penang. In addition, there were still many other sectors that required continuous supply of hardware materials for the construction business such as the commercial, industrial and other residential projects.

DESCRIPTION OF THE COMPANY

Atan Bina Hardware Sdn Bhd (subsequently known as Atan Bina) was a bumiputera company which was established in 2001 in Masai, Johor. It was a new start up business operating in domestic hardware industry. The owner, Mr. Ab. Rahim bin Ab. Muthalib started the company to sell household hardware and construction materials. From a humble beginning of one store, it had expanded in 15 years with two branches and one hardware factory.

The company also diversified its business by venturing into the property development. Atan Bina provided a range of household hardware, building and construction material product, a type of material, which could be used for building. Director of the company, Mr. Ab. Rahim Bin Ab. Muthalib ran the business himself assisted by his daughter, Ms. Nurul Zalikha Binti Ab. Rahim who was also the Managing Director of the company.

Atan Bina tried to sell the best product and the products follow standard and specification that the customer need. All products and materials that they used to sell followed the standard quality in the market. Since Atan Bina focused on construction sector, they had their own factory to produce their product such as cements and block bricks. It was beneficial because they were able to control all outputs.

ATAN BINA'S CHALLENGE ABOUT SALES DECLINE

Since its inception on 2001 till 2011, Atan Bina's sales and profit was satisfactory. However, the sales of Atan Bina started to decline from 2012 which worsened at the end of 2014. The sales and profit declined substantially. There were increased number of orders that were cancelled at the very last minute which resulted in declining the sales. Orders were declined by their customers due to the price of the material that increased in the market which was the result of unstable economic condition. Many of their products were purchased by big construction companies but a few years back they had failed to increase their sales.

Revenue was going down to an amount that could barely cover the overheads. This is evident in the account statements of Atan Bina Sdn Bhd for the year 2012 to 2015. Since Atan Bina was their family business for long time, the family's earning relied on the income that used to come from the sales. Not only the financial aspect, but also the reputation and image was another concern. Nurul and her father dreamt to bring the company to the level where it could be considered as the market leader. However, the things did not work as they thought. Based on the current situation faced by Atan Bina, which was the declining trend in sales and profit, Nurul felt to work on improving the company's financial condition. Collection of debts must be done quickly to ensure a healthy cash flow for the future years.

Both Mr. Ab. Rahim and Nurul were in a dilemma and were in need to have a solution by the end of 2016. They need to decide how to boost the sales and whether to proceed, postpone or totally drop their expansion plan.

CONCLUSION

Nurul came back to her office room and stood in front of the window which was behind her office desk. She started to think about the future plans by looking at the window shield.

By realizing her father's trust on her, Nurul felt determination to come up with a proper expansion plan and effective promotional and pricing strategy to increase sales. She whispered: *I will not give up. I will make it happen...* However, when she realized that the very big decision was left on her shoulder, she felt little bit nervous and asked herself: *Should we proceed or not to proceed with the expansion plan?*

REFERENCE

Manalingam, September 16, 2015

CIRI-CIRI PENTING SEORANG USAHAWAN BAGI MENANGANI CABARAN MEMULAKAN PERNIAGAAN

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Sinopsis

Kajian kes ini ialah berkenaan dengan pengalaman dan perjalanan dalam kehidupan seorang usahawan bernama Tuan Haji Zambri bin Ahmad. Selepas menamatkan pengajian Hj. Zambri telah memulakan kerjayanya dalam beberapa buah syarikat swasta. Beliau seterusnya bergiat dalam bidang perniagaan dengan menubuhkan beberapa syarikat seperti Memo Baru Sdn Bhd. dan kemudiannya Best Bothworld Sdn Bhd. Kajian kes ini memaparkan ciri-ciri utama yang perlu dimiliki seseorang usahawan bagi menangani cabaran untuk memulakan perniagaan. Selain dari itu kajian kes ini membolehkan pelajar mengenalpasti cabaran-cabaran yang sering dihadapi oleh usahawan dalam dunia perniagaan.

Latar Belakang

Tuan Hj. Zambri Bin Ahmad adalah ahli kepada sebuah koperasi yang aktif yang sedang beroperasi di Pulau Pinang. Beliau telah bergiat aktif dalam koperasi berkenaan selama 19 tahun bermula pada tahun 1998. Pada masa yang sama, beliau juga adalah seorang usahawan yang menjalankan pelbagai jenis perniagaan. Hari ini beliau sedang memberikan tumpuan kepada projek penjanaan elektrik dengan menggunakan air laut dan pengimportan buah kelapa dari negara jiran. Tumpuan tenaga, masa, wang dan segalanya ditumpukan kepada kedua-dua jenis perniagaan ini. Projek penjanaan elektrik diletakkan sebagai projek untuk perolehan jangka panjang dan perniagaan pengimportan buah kelapa diletakkan sebagai aktiviti perolehan bagi jangka pendek. Walau bagaimanapun, teras perniagaan syarikat Hj. Zamri adalah dalam bidang pembinaan.

Apa yang merunsingkan Hj. Zamri pada ketika ini ialah perniagaan pengimportan buah kelapa dari negara jiran. Beliau telah mengalami kerugian sebanyak RM25,000.00 disebabkan berlakunya penipuan oleh pihak-pihak yang berurusan dengan beliau. Pihak-pihak ini termasuklah ahli politik, pihak berkuasa dan peniaga kelapa di negara berkenaan.

Semua wang telah diberikan untuk membawa masuk buah kelapa tersebut lesap begitu sahaja. Sehingga ke hari ini tidak nampak sebiji pun buah kelapanya mendarat di Pelabuhan Pulau Pinang.

Dalam mengisahkan kejadian ini Hj. Zamri berkata “saya ditipu hidup-hidup oleh mereka”. Terlihat rasa kecewa di raut wajahnya semasa menceritakan kejadian berkenaan. Antara kejadian yang mungkin tidak akan dilupakan oleh beliau ialah beliau telah diminta untuk membayar perkhidmatan kapal yang akan mengangkutan buah kelapa ke Pelabuhan Pulau Pinang oleh individu yang diminta oleh beliau untuk mengurus perkara tersebut. Individu itu telah diperkenalkan oleh seorang individu yang agak berpengaruh. Individu yang telah diperkenalkan kepada Hj. Zamri turut menjadi wakil kepada penjual kelapa di negara berkenaan.

Hj. Zamri telah pergi ke negara tersebut dan menyerahkan wang kepada wakil penjual kelapa untuk urusan perkhidmatan kapal. Pada keesokan harinya apabila beliau tiba di pelabuhan, di dapatnya kapal yang dimaksudkan tidak pernah wujud dalam daftar perkapalan pihak pengurusan pelabuhan. Malah buah kelapa yang akan diangkut juga tiada. Bila beliau cuba menghubungi semua pihak yang terlibat dengan urusan perniagaan buah kelapa ini melalui telefon, panggilannya sudah tidak disambut.

Gagal dan ditipu dalam perniagaan pengimportan buah kelapa sudah dianggap sebagai asam garam dalam perniagaan oleh Hj. Zambri. Walaupun sudah menjangkau dewasa, sesiapa pun boleh tertipu dalam urusan perniagaan jika urusan tersebut tidak diteliti dan diperhalusi dengan sewajarnya. Bagi Hj. Zambri kegagalan dalam urusan tersebut berpunca daripada dirinya yang gagal untuk menyelidiki amalan perniagaan di negara berkenaan. Bersikap “ambil mudah” dan terlalu senang mempercayai orang lain dalam perniagaan perlu dielakkan dan setiap tindakan yang akan diambil mestilah diteliti dengan selengkapnya.

Hal ini agak meresahkan Hj. Zambri memandangkan beliau ingin mempunyai sebuah organisasi perniagaan yang dapat diwariskan kepada anak-anaknya. Hj. Zambri berpendapat apa jua perniagaan yang dijalankan mestilah berada dalam keadaan yang stabil dan dapat diterus dan dikembangkan lagi oleh anak-anaknya. Dengan keadaan ekonomi pada hari ini, adalah sukar untuk anak-anaknya mendapatkan pekerjaan. Oleh itu, melalui perniagaanlah beliau menjangkakan anak-anaknya mampu untuk berkerjaya dan bidang perniagaan jugalah yang akan menjadi sumber pendapatan utama mereka.

Hj Zambri sebenarnya mula secara aktif menjalankan perniagaan sejak tahun 2005. Sebelum ini beliau tidak tahu dan tidak yakin tentang potensi perniagaan kepada kehidupan diri dan keluarganya. Melalui pengalaman kerja dan penglibatan aktif beliau dalam koperasi telah banyak membuka minda dan mata beliau tentang perniagaan. Mengimbau kembali kisah hidupnya, pengalaman lalu amat bermakna buat beliau yang menjadi panduan pada kehidupan hari ini.

Sepanjang Kehidupan

Hj. Zambri telah memulakan alam persekolahan beliau di Sekolah Kebangsaan Sungai Ara, Pulau Pinang sebelum berpindah ke sebuah sekolah ternama di Pulau Pinang iaitu Penang Free School di mana beliau belajar dari tingkatan satu sehingga tingkatan tiga. Seterusnya Hj. Zambri meneruskan persekolahan beliau ke Sekolah Menengah Teknik Tunku Abdul Rahman di Georgetown, Pulau Pinang dari tingkatan tiga hinggalah ke tingkatan lima. Beliau kemudiannya menyambung semula persekolahan beliau di Penang Free School untuk menduduki tingkatan enam bawah dan tingkatan enam atas. Setelah menamatkan alam persekolahan beliau telah melanjutkan pelajaran ke peringkat diploma di Institut Teknologi MARA (sekarang dikenali sebagai UiTM) Shah Alam, Selangor dalam bidang perbankan. Seperti mana remaja lain, sebaik saja selesai pengajian, beliau mula mencari pekerjaan bagi menampung kehidupan keluarganya. Beliau memulakan kerjaya pada akhir tahun 1987 di sebuah syarikat broker saham yang bernama ACE Commercial Sdn Bhd di Kuala Lumpur. Syarikat ini bergiat dalam bidang pembrokeran dan jual beli komoditi seperti minyak sawit, getah, kapas dan lain-lain lagi.

Kerjaya sebagai *dealer representative* di ACE Commercial adalah agak mencabar terutamanya apabila Hj Zamri terpaksa mencari pelanggan-pelanggan yang berminat untuk melabur dalam urusan jual beli komoditi. Dalam usia yang masih muda dan kurang berpengalaman serta ditambah dengan persekitaran ekonomi negara yang agak perlahan, keupayaan mencari pelanggan adalah terhad. Keadaan ini telah memberi kesan kepada pendapatan bulanan Hj. Zamri. Setelah bekerja selama satu tahun beliau menyedari kerjaya dalam bidang berkenaan tidak menjanjikan pendapatan tetap sebanyak seperti yang diidamkannya.

Haji Zambri mengambil keputusan untuk pulang ke Pulau Pinang dan sejurus kemudian pada pertengahan tahun 1988 beliau mendapat pekerjaan di sebuah hotel iaitu Penang Mutiara

Beach Resorts sebagai juruwang di bahagian *Food and Beverages*. Selepas itu pada tahun 1989, Haji Zamri telah berpindah ke syarikat pengeluar lift iaitu Toshiba WS Elevators Sdn Bhd dengan berkhidmat sebagai seorang pegawai eksekutif. Tuan Haji Zamri kemudiannya telah berpindah kerjaya ke bidang yang lebih sesuai dengan kelulusan beliau iaitu di sebuah bank bernama Ban Hin Lee Bank pada tahun 1991. Beliau ditugaskan sebagai pegawai di jabatan *premises* dan seterusnya dipindahkan pula ke jabatan pembangunan perbankan. Selanjutnya selepas tujuh tahun berkhidmat di Ban Hin Lee Bank, beliau telah sekali lagi bertukar kerjaya pada tahun 1996 ke sebuah syarikat pembrokeran saham terkenal iaitu Hwang DBS Securities Bhd. Beliau bertugas sebagai remiser di bahagian saham institusi. Seterusnya pada tahun 1998 beliau telah bekerja pula dengan sebuah lagi syarikat pembrokeran saham iaitu Phillip Securities Bhd yang bergiat dalam bidang “future commodities”.

Walaupun bekerja dengan orang lain, hati beliau tetap berkeinginan untuk terlibat dalam dunia perniagaan. Pada tahun 2005, beliau telah menubuhkan Memo Baru Sdn Bhd untuk membekalkan daging sejuk beku dan sayuran kepada Pasaraya Giant yang dibuka Bayan Baru, Pulau Pinang. Menceritakan pengalaman beliau, Hj. Zamri pernah memandu sendiri lori bersama anak sulungnya di pagi hari raya Aidilfitri semata-mata untuk mengedarkan bekalan sayur-sayuran kerana semua pekerja beliau telah bercuti. Peluang perniagaan untuk membekalkan bahan mentah kepada pasaraya berkenaan diperolehi disebabkan kenalan lama beliau semasa di sekolah.

Perniagaan Hari ini untuk Masa Depan

Penglibatan Hj Zamri dalam perniagaan bermula pada tahun 2005 apabila beliau mendapat peluang untuk membekalkan daging sejuk beku dan sayuran kepada Pasaraya Giant di Bayan Baru, Pulau Pinang. Peluang Hj Zamri untuk berniaga berpunca daripada terma-terma perjanjian antara pihak pengurusan Giant dengan pihak sebuah koperasi di mana Hj Zamri telah menjadi ahlinya. Antara terma-terma berkenaan menyatakan bahawa pihak pengurusan Giant perlu mengutamakan mana-mana ahli koperasi yang ingin menjalankan perniagaan diberi peluang untuk menjalankan perniagaan dengan pihak Giant, menyediakan sebilangan lot perniagaan di bangunan pasaraya untuk ahli koperasi menjalankan perniagaan dan mengutamakan pengambilan pekerja di kalangan ahli dan anak-anak mereka.

Peluang untuk membekalkan bekalan daging dan sayur kepada pasaraya Giant dapat dijayakannya disebabkan Hj. Zamri mempunyai rakan-rakan yang dapat membantunya dalam perniagaan tersebut. Beliau mempunyai seorang kenalan yang memiliki rumah sembelihan di Australia. Melalui rakan tersebut, beliau dapat memperolehi daging lembu dan biri-biri dari Australia. Untuk pembekalan sayuran, beliau mempunyai seorang individu yang mempunyai talian persaudaraannya dengannya. Individu tersebut mempunyai rakan yang menjalankan ladang sayur di Cameron Highlands. Sayur juga telah diperolehinya daripada negara Thailand di mana terdapat seorang rakan yang berada di daerah Nakorn Si Thammarat iaitu kawasan yang terkenal dengan hasil pertaniannya. Perniagaan pembekalan ini diusahakan melalui sebuah syarikat yang didaftarkan atas nama Memo Baru Sdn. Bhd iaitu pada tahun 2005.

Hari ini, Hj. Zamri telah kembali semula mengurus perniagaannya sendiri. Ia dilakukan menerusi syarikatnya yang didaftarkan atas nama Best Bothworld Sdn Bhd. Ia sebuah syarikat yang terlibat dalam industri pembinaan iaitu sebagai kontraktor. Pengalaman yang diperolehi melalui penglibatannya dalam koperasi membolehkan beliau untuk membina keyakinan untuk terlibat dalam bidang pembinaan. Syarikat beliau telah memperolehi lesen kontraktor G7 daripada Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB). Lesen tersebut membolehkan syarikat Hj. Zamri untuk terlibat dalam sebarang projek pembinaan yang berskala besar. Telah ada beberapa projek kerajaan sedang dibida oleh syarikat Hj. Zamri tetapi sehingga hari ini masih belum berjaya diperolehinya. Selain itu, Hj. Zamri turut menjalankan perniagaan mengimport kelapa daripada negara jiran.

Melalui syarikat itu jugalah Hj. Zamri cuba untuk memperkenalkan teknologi terkini dalam penjanaan tenaga elektrik. Teknologi tersebut diperolehi daripada seorang saintis dari luar negara. Saintis tersebut telah diperkenalkan oleh sahabat lamanya yang telah bekerja selama 18 tahun di Jepun. Teknologi tersebut berupaya menggunakan sumber air laut sebagai asas kepada penghasilan sumber tenaga elektrik. Projek tersebut masih diperingkat awal dan banyak pihak belum menyakini keupayaan teknologi berkenaan. Keadaan ini menyukarkan syarikat Hj. Zamri untuk memperolehi pembiayaan secara pinjaman maupun ekuiti daripada pihak-pihak yang terbabit. Beliau amat memerlukan sumber pembiayaan bagi membiayai pembangunan projek prototaip di Malaysia. Beliau yakin jika projek prototaip tersebut dapat dibangunkan, ia dapat membina keyakinan kepada semua pihak yang terlibat dalam sektor tenaga elektrik untuk beralih kepada teknologi yang diperkenalkannya.

Walaupun pelbagai perniagaan yang diuruskan oleh Hj. Zamri masih belum menampakkan kejayaan tetapi Hj. Zamri yakin akan potensi bidang perniagaan yang diceburinya. Kesuraman suasana ekonomi pada hari ini banyak membantutkan usaha dan aktiviti perniagaan yang sedang dirancang. Ini merupakan cabaran yang perlu dihadapi oleh usahawan. Kemampuan usahawan untuk kekal dalam perniagaan walaupun berada dalam keadaan yang getir dan mampu menjadi kreatif dalam mencari jalan penyelesaian menjadi titik pemisah antara usahawan yang berjaya dengan tidak berjaya. Bagi Hj Zamri, beliau masih menyimpan keyakinan yang tinggi bahawa perniagaan yang sedang diusahakannya mampu dijayakan dan dapat diwariskan kepada anak-anaknya. Padanya, masih wujud sinar di hari yang mendatang.

FROM BROTHEL TO ZAKAH

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Prologue

Ali was in dilemma. How would he help his childhood friend, Mastura emancipated from brothel. Was there any way in Islam to free a person in captivity? Ali remembered her story. It was five years ago when Mastura was just 17 years old, she got married to Hasnan, a stranger that she just met for two months. Mastura leaved Alor Setar for Kuala Lumpur to be with her husband. Unfortunately, her husband who was supposed to be her protector in joys and sorrows, sold her to brothel in Lorong Haji Taib. In hesitant, she was forced to become prostitute without any pay. The brothel had very strict security and only provided her with room, foods and clothes. Two years later, she got pregnant and gave birth to a baby girl named Sarah. According to Mastura, she broke out from the brothel with the help of her regular client. Escaped from brothel, Mastura hoped that she could start her life all over again in her hometown, Alor Star. That was when Ali met Mastura, where she begged for help from him. Ali had been working as the manager of Asnaf Development and Zakat Distribution Division in Lembaga Zakat Negeri Kedah (LZNK) for 10 years. He thought of how would zakah be of help to Mastura. Ali brought the matter to his boss, Haji Zakaria Othman, who had asked him to study other states practice.

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Introduction

Zakat management in Malaysia is administered under the authority of states. Generally in each states, the administrations of the religion of Islam namely, an enactment was established. The enactment as states law ruled the Islamic affairs of the states. The Islamic affairs pertaining to Syariah matters were covered under the enactment wPage 2 of 13hich were given to each state religious council⁵, Majlis Agama Islam Negeri (MAIN). As the governing body. MAIN also governed the administration of zakah⁶ and was allowed to have their own zakat institutions The Islamic Religious Department or Jabatan Agama Islam Negeri is headed by the director of Islamic Religious Department. MAIN holds the duty to advise the Sultan as well as promotes the economics and social development of the Muslim community of states. This includes the administration of zakah where each state is allowed to have their own zakat institutions

Lembaga Zakat Negeri Kedah

Lembaga Zakat Negeri Kedah (LZNK) is established in 2015. Prior to that, LZNK was known as Jabatan Zakat Negeri Kedah that was supervised by Jabatan Agama Islam Kedah (JAIK). Since 2015, LZNK undergone a transformation due to the annulment of Zakah Kedah enactment 1955. Zakah Kedah enactment 1955 now has become Lembaga Zakat Kedah Darul Aman 2015 Enactment, which empower LZNK to operate independently. Under the new enactment, Sultan of Kedah confers LZNK the autonomous power to self-govern under direct supervision of Sultan. Sultan is assisted by the board committee which consists of Mufti of Kedah, Secretary of Kedah State Government (SUK), representatives from government and non-government agencies, and the Chief Executive Operations (CEO) of LZNK. SUK is appointed as the chairman of the board committee. The CEO of LZNK periodically reported to the board commitee during the board meeting where he served as the secretary of the board. LZNK consists of six divisions: (1) the corporate communication; (2) administration and human resources; (3) dakwah and zakah collections; (4) asnaf development and zakah distribution; (5) finance, and (6) information technology.

⁵ The State Islamic Religious councils coordinated by national body, namely National council of Islamic Affairs which under admistration of a secretariat, JAKIM to streamline the development and advancement of Islamic affairs

⁶ Provided under the Ninth Schedule List II, Paragraph 1 of the Federal constitutions. It also includes under the provisons of the enactment, the power for gazetted fatwas. In Malaysia the state zakah institution is either an independent body, state authority or a mixture of both.

The organisational structure of LZNK is shown below:

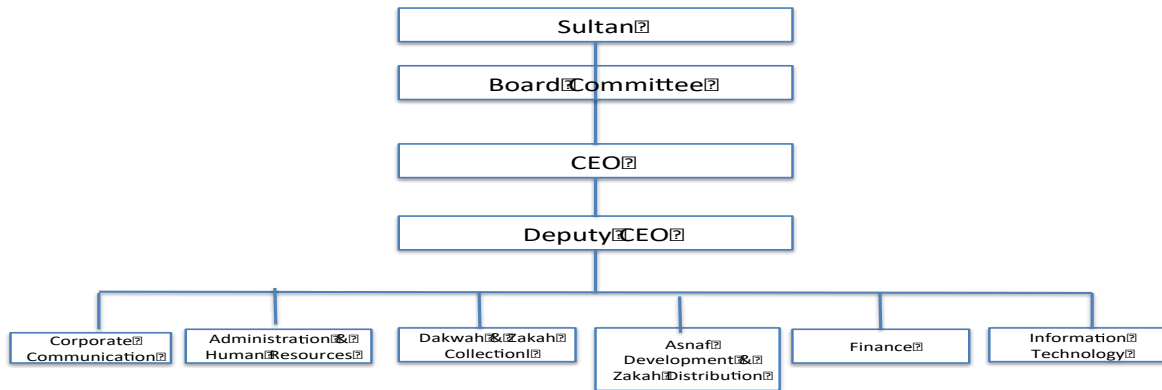


Figure 1: Organizational chart of LZNK (from LZNK website)

Haji Zakaria Othman has been appointed as the CEO of LZNK since 2010 after he served as manager of Finance in LZNK. As the CEO of LZNK, he was responsible for the whole operations of zakah including the collections of zakah (handled by head of dakwah and zakah collections) and distributions of zakah to asnaf (handled by head of asnaf development and zakah distribution division). The collection and distribution to zakah beneficiaries covers 12 district in Kedah such as Kota Setar, Baling and Sik. The CEO of LZNK is also appointed as the member of Majlis Agama Islam Negeri Kedah (MAIK). MAIK governs the islamic affairs of Kedah (refer figure 2) which includes wakaf, baitulmal and property development. MAIK oversees the muslim economics and social development of Kedah through baitulmal and ensures the effective implementation of religious policy.



Figure 2: Organizational Chart of MAIK

The Practice of Zakah in Kedah

LZNK is the sole governing body that administers zakah operations in Kedah. The collected zakah is distributed to the only recipient born in Kedah. The recipients of zakah is known as asnaf. Surah At-Taubah (verse 60) states that asnaf are: “(1) the poor (*Fakir*); (2) the needy (*Miskin*); (3) those employed to administer the Zakat (*Aamil*); (4) those whose hearts are to be won over (*Muallaf*); (5) freeing of human beings from bondage or slaves (*Riqaab*); (6) those who are burdened with debts (*Gharimin*); (7) every struggle in God’s cause (*Fisabillah*) and, (8) the wayfarer (*Ibnu Sabil*). In Kedah, instead of eight (8), seven (7) asnaf have been given zakah as shown in table 1 below. Kedah has not allocated zakah to riqaab where its allocation is transferred to faqir and miskin.

Year	2014 RM'000	2015 RM'000	2016* RM'000
Zakat Collections:	127,594	140,388	148,186
Zakat Distributions:	120,190	162,677	162,677
1.Faqir	5,451	8,065	11,792
2.Miskin	46,645	60,351	67,609
3.Aamil	16,091	16,875	17,845
4.Muallaf	1,447	1,902	1,681
5.Riqaab			
6.Gharimin	18	32	38
7.Fisabilillah	50,326	62,586	63,467
8.Ibnu Sabil	211	189	246

* unaudited financial data

Table 1: Statistics of zakat distributions based on asnaf (from LZNK websites)

The Practice of Zakah (Riqab) in Selangor

Ali attended Seminar Pengurusan Zakat organized by Majlis Agama Islam Selangor (MAIS) in Shah Alam three months ago. In the seminar, he remembered the conversation he made with Zaki, Zakat Officer from Lembaga Zakat selangor (LZS). Zaki explained that LZS had freed few prostitutes from brothel. It was because of the redefinition of riqab by Majlis Fatwa Negeri Selangor. Then, Ali studied the practice of zakah in Selangor and specifically riqab.

In Selangor, zakat administration is governed by MAIS which established under the Selangor Islamic administrative Enactment 2003. Among the main objectives of MAIS are to give professional and wise advice to the Sultan in upgrading the Islamic law besides handles the muslim socio-economic development of Selangor. The structure of MAIS is consisted of 6 different divisions namely, social development, baitulmal, research, corporate management, legal and property division (Appendix 1).

Lembaga zakat selangor (LZS) which was incorporated in 2006 is a subsidiary of MAIS. LZS handles collection and distribution of zakah in Selangor with the scope of activities as in the following aspects:

- I. LZS is functioned separately as amil under Trustees Act(akta Pemegang Amanah) 1952
- II. LZS does have power in admistrating zakah collection and distribution except for two asnaf, the mualllaf and riqaab distribution.
- III. MAIS take charge in governing the Selangor Islamic related fund of the baitulmal, and on law correspondence.

The implementation of zakat for riqab in Selangor is based on Fatwa Section 47 section 47 of the Administration of the Religion of Islam (State of Selangor) Enactment 2003 [En. 1/2003]. (Warta Kerajaan: enakmen Pentadbiran Agama Islam (Negeri Selangor) 2003, June 7, 2012) (refer to Appendix 2). The enactment has redefined Riqab from “slavery” to “enslavement” which is to free man from chain of enslavement in order to maintain stable state of mind, emotion and spritual. Riqaab asnaf under new definition covers mainly on social problems and issues of faith for example drug addicts, prostitutes and alchoholic. Furthermore, riqab allocation is used to run programmes to treat and protect riqab asnaf as identified in the enactment. The programmes which were run in rehabilitation centre were to develop motivation for the asnaf to live, to show them Islamic ways to a make a living instead of their past living in enslavement. The rehabilitation centre was handled by social development divisions under MAIS (refer to Appendix 1 for MAIS organisational structure). The mission, vision and function of the centre for rehabilitation are as follows:

Mission: To relief and develop the morale of Ar-Riqaab asnaf through treating and protecting them according with Al-Quran and Sunnah

Vision: To develop Riqaab asnaf for Allah blessing

Function: Develop, monitor and assist the program specially developed for enslavement of the riqaab asnaf in term of Islamic motivational and knowledge sharing

The operations of the centre began in year 2011 where zakah fund is used to finance the centre in terms of administration and cost for patient recovery. In 2016, there are 21 rehabilitation centres registered under MAIS and received assistance in the form monthly expenses and annual grants. There are various programmes conducted for riqaab recipients in the rehabilitation centre such as protection, treatment, prevention and control as well as variety of other assistance to those involved to return to the right path.

Ali had asked Zaki for historical background of riqaab in Selangor and found the following milestones.

Milestones	Historical background
June 2008	Daawah unit for riqaab was established under Fisabilillah Asnaf
July 2009	The unit have settled the case of muslim patient who suffered from HIV. The patient is taken care of by the Welcome Community Home (WCH) Batu Arang, Rawang. The patient is then transferred to Rumah Kebajikan Persendirian Islam (RKP), which then upgraded to MAIS Rehabilitation centre.
October 2010	MAIS started new administration of the centre. Proposal forwarded to apply for approval of zakat funding. The proposals detailed the justification of Ar-Riqaab asnaf and the cost of admistration of the centre.
March 2011	Fatwa gazetted on the list of riqaab recipient and the administration of Rehabilitation centre.

Based on research, Ali also found that other states such as Negeri Sembilan, Pahang, Perlis and Terengganu have distributed zakah to riqab asnaf as shown in Table 3 below.

Asnaf Riqab amount distributed (RM'Million)							
year	S'gor	T'ganu	Negeri Sembilan	Phg	Perlis	Kedah	W.P
2008	1.089	0.145	0.953	-	-	-	-
2009	1.604	0.018	11.3	-	-	-	-
2010	2.455	0.019	12.5	0.027	-	-	-
2011	2.346	0.024	13.3	0.027	0.002	-	-
2012	6,935	*	12.5	4.0	*	-	-
2013	13,220	*	13.7	0.19 9	*	-	-

(Sources: Ahmad, Sanep and Wahid, Hairunnizam and Mohamad, Adnan (2006) and Hairunnizam Wahid, Sanep Ahmad, (2009) *data not found

Table 3: Statistics of the asnaf distributions for riqaab

Epilogue

After a long conversation with Mastura, he convinced her to keep on praying for Allah to show her the right path. Ali still keep on thinking on how riqab could solve Mastura's problem. He contemplated on the different practice of riqab among states in Malaysia. Could Kedah follow the foostep of other states such as Selangor to allocate zakah to riqab. Next week will be the LZNK management meeting, where he should bring Mastura's case. Can he free Mastura from the shackles of brothel, the life she never wanted, to keep her faith and mind to the right path.

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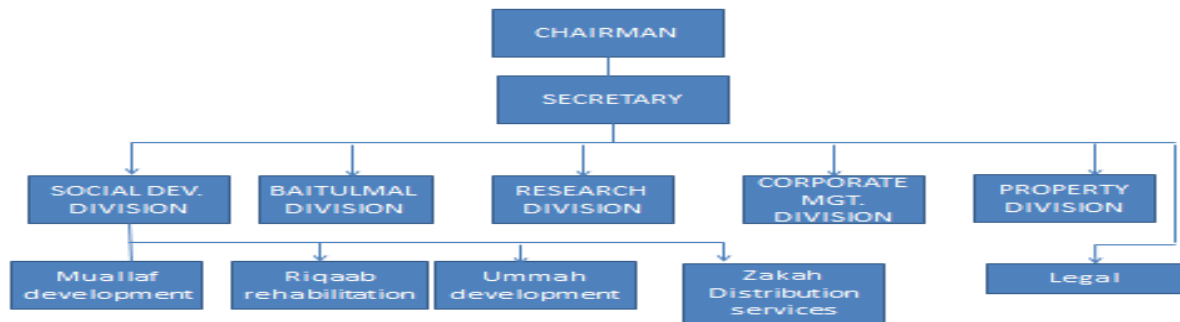
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Warta Kerajaan: Enakmen Pentadbiran Agama Islam (Negeri Selangor) 2003. (2012, May 14). Fatwa Under Section 47. Selangor, Malaysia: Government of Selangor Gazette.

Appendix 1 : Organizational chart of MAIS



Appendix 2 : Selangor Fatwa Gazetted (7 June 2012) Vol 65(12) Additional No14



NEGERI SELANGOR

Warta Kerajaan

DITERBITKAN DENGAN KUASA

GOVERNMENT OF SELANGOR GAZETTE

PUBLISHED BY AUTHORITY

Jil. 65
No.12

7hb Jun 2012

TAMBAHAN No.14
PERUNDANGAN

Set. P.U. 55.

ENAKMEN PENTADBIRAN AGAMA ISLAM
(NEGERI SELANGOR) 2003

FATWA DI BAWAH SESYEN 47

MENURUT seksyen 47 Enakmen Pentadbiran Agama Islam (Negeri Selangor) 2003 [*En. 1/2003*], Jawatankuasa Fatwa bagi Negeri Selangor, atas perintah Duli Yang Maha Mulia Sultan menyediakan fatwa yang dinyatakan dalam Jadual dan disiarkan menurut subseksyen 48(6) Enakmen itu.

ADMINISTRATION OF THE RELIGION OF ISLAM
(STATE OF SELANGOR) ENACTMENT 2003

FATWA UNDER SECTION 47

PURSUANT to section 47 of the Administration of the Religion of Islam (State of Selangor) Enactment 2003 [*En. 1/2003*], the Fatwa Committee for the State of Selangor, on the direction of His Royal Highness the Sultan prepare the Fatwa as set out in the Schedule and is published pursuant to subsection 48(6) of the Enactment.

JADUAL/SCHEDULE

FATWA JENIS PENERIMA ASNAF AL-RIQAB NEGERI SELANGOR DAN APA-APA YANG BERKAITAN DENGANNYA

Senarai jenis penerima agihan asnaf Al-Riqab berikut adalah layak menerima bantuan

zakat Al-Riqab melalui perantara mana-mana institusi, pusat, NGO Islam dan individu perseorangan yang dibenarkan oleh undang-undang dan Hukum Syara' yang berfungsi melaksanakan tugas-tugas membebaskan, mengurus, melindungi, merawat dan memulih asnaf Al-Riqab supaya dapat menjalani kehidupan sempurna secara Islam:

(1) Masalah sosial:

(a) Terbelenggu dengan dadah:

- i. Penagih dadah.
- ii. Bekas penagih dadah.

(b) Terbelenggu dengan masalah jenayah syariah:

- i. Minum arak.
- ii. Zina.
- iii. Judi.
- iv. Khalwat
- v. Buang anak
- vi. Mengandung luar nikah.
- vii. Mempersendakan Al-Quran dan Hadis.
- viii. Sumbang mahram.
- ix. Persetubuhan haram.
- x. Muncikari (ibu ayam).
- xi. Menjual atau memberikan anak kepada orang bukan Islam.
- xii. Dan lain-lain yang berkaitan Enakmen Jenayah Syariah (Negeri Selangor) 1995.

(c) Terbelenggu dengan amalan salah Islam:

- i. Tidak solat.
- ii. Tidak puasa.
- iii. Buang anak.
- iv. Usaha ingin bunuh diri.
- v. Hidup bersama pelacur.

(d) Terbelenggu dengan gaya hidup sonsang:

- i. Pelacur.
- ii. Lesbian.
- iii. Mak Nyah (Transexual).
- iv. Gay.
- v. Homoseksual.
- vi. Gigolo.

- vii. Biseksual.
- viii. Pengkid.
- ix. Tomboy.
- x. Bersedudukan dengan orang bukan Islam.

(e) Terbelenggu dengan kes juvana:

- i. Gangster.
- ii. Jenayah melibatkan harta benda.
- iii. Pergaduhan yang melibatkan kecederaan.
- iv. Kes rompak.
- v. Pecah rumah.
- vi. Kes rogol.
- vii. Jenayah yang melibatkan peralatan senjata yang merbahaya.
- viii. Ugutan yang melibatkan keganasan.

(f) Terbelenggu dengan penyakit kronik :

- i. Penyakit HIV/AIDS.
- ii. Kanser/barah.
- iii. Tiba.
- iv. Hepatitis.
- v. Dan lain-lain.

(2) Masalah Akidah:

(a) Terbelenggu dengan masalah syirik dan khurafat:

- i. Doktrin palsu.
- ii. Mengaku menjadi nabi.
- iii. Menghina Islam.
- iv. Pemujaan salah.
- v. Mempersendakan Al-Quran dan Hadis.

(b) Memurnikan akidah orang Islam yang terpesong

- i. Orang yang ingin/berhasrat murtad.
- ii. Oranng yang dalam proses Istitabah.

Bertarikh 14 Mei 2012

Dated 14 May 2012

[MAIS/SU/BUU/05/002/16-7; P.U. Sel. AGM. 0007 Jld. 3]

Building the Dream Team: Sweet Dreams Turning into Nightmares

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The one-on-one session was approaching the third hour and Jenny was feeling a bit weary. She was into her third month in Action Think Tank (ATT) and what she expected to be a smooth-sailing onboarding into the role of the Director of Research was far off tangent.

“It is important for you to take your role seriously as you have agreed to take on the responsibility of a director. While, you may feel the pressure to agree with the CEO, there is this personal accountability, as the director, to be fair across the board. Leadership is always about making the right decision.”

The advice from Dr Quek, a researcher at ATT struck at the core of Jenny’s conscience. This was her first role as a director and although she was initially reluctant to take on the post, the CEO and the Director of Administration, a pleasant and convincing lady, managed to make her change her decision to follow her husband to relocate to Bangkok. A week-end marriage, as it was often called, seemed to be an acceptable arrangement. Her career progress would not be thwarted. Besides, the children would continue to have access to high-quality education in a premier international private school in Kuala Lumpur.

Jenny felt very much welcomed on her first day. The team, comprising seven researchers shared the operational aspect of the department, indicating the current status of their respective projects as well as the department’s key performance indicators (KPI) for the year. It seemed manageable and Jenny felt relief.

“I have settled in quite well, honey. The team seems strong and everyone is on track. I have a feeling that my first stint as a director would be a successful one. Wish me luck, hon.”

Jenny sounded confident and on top of the world that night when she spoke to her husband, Reezal, over the phone. Though Reezal preferred his wife and children to be by his side, he knew that his wife was elated to be offered the post of a director, the highest level of authority since she started her career twenty-five years ago. The initial feelings of elation turned to gloom as the weeks unfolded. In between sobs, Jenny related her day to day experience to Reezal at the end of each day.

“Everyone in the team seems to be working in silo. They don’t seem to communicate or share their ideas among themselves. I don’t get it. How do they expect to achieve their KPIs at this pace? This would never happen at Bright Consulting.”

Jenny was beginning to miss her previous workplace, Bright Consulting. As consultants they were required to finish each project within a month. She wondered how did she get the idea that ATT would be a greener pasture. In fact, she was beginning to feel that she wanted nothing to do with the sheep grazing the pasture. They certainly were not any shepherd’s dream flock.

THE FLOCK

ATT had seven researchers in its research team when Jenny took over the helm as director, each with less than one year and the half year experience in the company. In its decade of existence ATT had witnessed its researchers come and go. The turnover rate was way above ‘normal’. Except for one researcher, who managed to stay almost five years in the company, none had stayed the three-year contract commonly given to its staff.

Of the seven, the longest serving researcher was **Palagia** an expatriate from Mexico. With 12 years of management consulting experience in a few consulting companies, Palagia had been at ATT one year and five months when Jenny arrived. To her credit, Palagia had published four reports which she took over from three other researchers who had left when she started work at ATT. Those were easy for her to complete and the CEO was very pleased with her achievements. However, Palagia found managing research projects from scratch a bit challenging. Of three projects entrusted to her, two had been scrapped when the external researchers requested to pull out of the projects. Unbeknownst to Palagia, her lack of sensitivity to the local culture had caused some discontent over her project management approach among some researchers, some of whom were quite renown researchers in top research universities in the country. Palagia was a survivor, always looking for opportunities for career advancements. What she lacked technically, she would tone down by peppering with her positive outlook of her inner motivation to survive. Jobs were hard to come by in her homeland due to tough competition in the job market. Although she had never learned to speak the local languages, she felt very much at home in cosmopolitan Kuala Lumpur.

Parimala Ranga, or Pari as she was commonly known to the team, was near retiring age and an accomplished researcher. Having spent most of her life doing applied research, Pari was very set in her ways. She was meticulous and conservative in her thinking. Pari was easily agitated and could not get on well with the other team members. In the one year and three months that she had been at ATT, she had produced two research reports which were of high quality. Jenny acknowledged her contributions but found it hard to convince her to have more decorum in her interactions with the rest of the team.

Phaik Siew was brought in for her vast experience in knowledge management. She had more than 20 years in managing organisational learning and was a staunch advocate of the concept of learning organisations. At first she was gung-ho about being a researcher at ATT, given the public perception of ATT as an established research centre. After less than six months into the job, she realised that there was a major mismatch between her skills set and the requirements of the job. The situation worsened when she was burdened with administrative tasks which took days to complete while the other researchers spent precious time on their readings and interviews. Jenny could not understand her constant lamentation over the ‘unfair’ treatment given to her; having to prepare files for meetings and write minutes, etc. Her confirmation was still pending after eight months and she was distraught. In the last four organisations that she had been working, she was a ‘talent’, moving up the corporate ladder too quickly that salary increment would stagnate, forcing her to move on to another company. In all four companies she was confirmed before time. Her frustration built up as time ticked and her confirmation was still pending. Though she tried hard to concentrate on her writings, Phaik Siew often got distracted when Jenny came for her one-on-one session to talk about her progress and personal development.

“What a waste of time! I don’t even have enough time to complete my current projects, let alone think about my personal development. This weekly one-on-one session is really getting on my nerves!” Phaik Siew thought aloud.

Dr Sophia was a no-nonsense academic who was so consumed by reliability of data. Brilliant with numbers and statistics, Dr Sophia would run her data again and again and often gained interesting insights each time she did so. This bothered Jenny as she felt that it was a waste of time. Palagia and Jenny often lamented that academics would never be able to survive in a consultant’s world where according to both of them, often times the plots would have to be written even before data collection. Though she enjoyed the technical side of work, Dr Sophia often felt dejected as her technical writing style did not match the more journalistic style preferred by ATT. To make up for her lack, Dr Sophia took a few writing classes. Another matter which stressed her out was the fact that although she had a PhD, her job designation was as a manager while Phaik Siew who only had bachelor degree was a senior manager. ATT did not change her job grade when it was converted from a temporary post to a contractual post. As someone who had quite a bit of experience in human resources operation, she felt that this was unacceptable. No amount of discussion with the director of HR or the CEO could change her circumstances. Dr Sophia decided to take a positive outlook to bear it all in order to enhance her research skills. Besides, she could always turn to her colleague, a fellow academic – Dr Quek, when her emotional roller-coaster was at its lowest.

It was strange that Dr Sophia had this idea that she could find refuge in Dr Quek, who in Jenny’s initial assessment must be suffering from some sort of bi-polar disease. Though she had been quite

productive in the short time that she had been with ATT, Dr Quek was both level-headed and eccentric at the same time. It was difficult to understand her way of thinking. She was quiet, observant, and a bit sensitive. Jenny could sense that there something troubling Dr Quek when she first joined ATT. Secretly, Jenny hoped that both Dr Sophia and Dr Quek would gradually leave the company as academics, in her opinion, had not idea about the business model of a research house. The romantic notions of research of the ivy league towers have no place in the rigorous space of research houses which mean business! Jenny confided in Jesbil, the Director of Operations:

“I am a little bit worried about the pace of work around here. To start with, I think the KPI for each researcher is nothing to shout about – it is way below what we consultants are used to. It does not make any business sense at all. I don’t understand why my team keeps on delaying the deliverables. It seems that they are unable to communicate well with each other and not cooperating with each other as well. The academics and the market researchers are on totally different wavelengths. I would much prefer to have a team of consultants on board. We are more time conscious.”

Kevin Hanks was quiet and kept to himself most of the time. A graduate from Carnegie Mellon University (he was enrolled at its branch in Adelaide), he was always at his computers. To him, data is king. He had good IT skills and was familiar with many research software packages. He was well-liked and was often referred to by the other team members. To Jenny, although Kevin was relatively ‘harmless’, as compared to the rest of the team, he was someone she had to monitor closely on hygiene matters. He often came in late and would leave the office by 5 every day, an hour before formal work hours was to end. Jenny had been ticked off by the director of administration for being careless on this matter and she hated that.

“Why should I be their time keeper,” she thought to herself.

However, as she wanted to be in the good book of the micro-managing director of administration, she made sure she sent reminders to Kevin and advised him to abide by office rules.

Professor Emeritus Zainal Ariffin was the classical absent-minded professor. The older of the only two men in the team, he got the job because of his political affiliation. Just like Kevin (whom Jenny found out later to be Professor Zainal’s best friend’s son), Professor Zainal also seldom adhered to office rules. He was always ‘out in the field’ to ‘build relational capital’. So, he claimed. Because of his large network connection, he had five outstanding, not as in ‘great’ but ‘delayed’ research projects. No one dared to ask the status of his projects as he would snap at anyone he chose and this alienated him from the rest. On many occasions, he feigned ignorance when he could not explain why his project was delayed. Jenny was careful not to tread on his path too as he had ‘strong cables’ and

had no qualms about pulling them. She had also been advised by Jesbil to understand the local culture if she wanted to do well in her job.

New Boss, New Management Style

While Jesbil could identify with Jenny's discomfort over her team working in silo, he felt that a good balance comprising talents from different research backgrounds was ideal. Jesbil had great respect for Professor Poh, the previous director who was instrumental in building the department and setting the level of quality. Almost at retirement age, while he could see some potential in Jenny, Jesbil felt that she had a long way to go in her leadership journey.

In the last decade that he had been at ATT, Jesbil had seen a few CEOs and directors come and go. Each had a different management style. Steve Lee, the first CEO he worked with was a very likeable boss who managed from the guts. However, he was sometimes inappropriate and too wishy-washy to lead effectively. So not much was done in the two years he was at ATT. The next CEO, Azrai Johan, was a pace-setter who propagated the value of being competitive. He set hard-to-achieve goals and standards which many good staff found fulfilling and inspiring. The ones who could not measure up usually left before the end of the contract. Azrai left a legacy of great policies and procedures when he moved on to start his own consultancy company five years later. Azrai's successor Pierre Kruger was the classical authoritative boss who dared to take risk and was dramatic. Though he was creative and perceptive, he was also highly suspicious of others. Jenny was recruited by Pierre who had worked on a few projects with her before and thought she would be able to transfer some consultancy skills to manage ATT's research team. Jenny was confident that she would be able to shine in her new job as she had a fair bit of experience dealing with difficult bosses. She shared her views with her ex-colleagues at Bright Consulting during her farewell lunch:

“When I worked at Spot On Consulting, my boss was beyond comprehension. He was always suspicious and wanted all work to be completed by yesterday. After a while we began to gain skills on how to manage him. The secret was to acknowledge how smart he was, how justice was so important to him and also how good he was with simplifying work processes. We literally had him around our fingers. Nonetheless, we also learned that we had to safeguard ourselves by making sure we are very specific in our communication. We usually communicated using emails a lot just to cover ourselves. I am sure I can handle Kruger. Wish me luck.”

Different Mirrors, Different Views

The canteen was a bit warm but as the morning meeting took longer than usual, Jenny and Jesbil decided to have a quick bite over there. Jesbil sipped the much-too-sweet ice lemon tea slowly as he listened to Jenny. She was obviously upset.

“They were on each other’s throats again”, said Jenny.

“Who?”, asked Jesbil.

“Parimala and Dr Sophia. They just cannot seem to be civilised with each other. Coming from different schools of thoughts, they never see eye to eye.” replied Jenny

“I am glad that I had gathered enough experience at Bright Consulting to handle both of them. We had names for staff like them. I looked them both in the eye and told them to stop being petty. Sometimes I feel like a nanny rather than a boss. I have seen so many like them that I feel a sense of déjà vu. Kruger would agree with my way of handling them, I am sure.” Jenny continued with much confidence in her voice.

Jesbil put down his glass of ice lemon tea and looked Jenny in the eye, saying:

“Jenny, I really admire your courage to take on the challenge to lead a group of highly accomplished researchers. However, having been here for quite a bit, I think it would be timely for us both to relook how we do things around here, and how we can build a better work culture.”

Jesbil could sense that if Jenny continued to adopt this attitude, she may fall into the traps of a narcissistic leader. In the last few months that she had been here, Jesbil found Jenny to be a wee bit self-entitled, putting herself on a pedestal far above her subordinates. During the management meetings, Jenny was often ruthlessly critical of her team. Jesbil found this worrying as ATT had an unusually high turnover rate. A little more empathy on her part would be most welcomed, thought Jesbil as he listened to Jenny’s barrage of complaints about her team. On the way back to the office after lunch, he gently advised her to communicate frequently and honestly with her team, and to apply a little levity whenever she could. Mild as he was, Jesbil had been able to adapt to ATT’s work culture as he had worked in a few companies. He hoped Jenny would be able to weather the ATT storm.

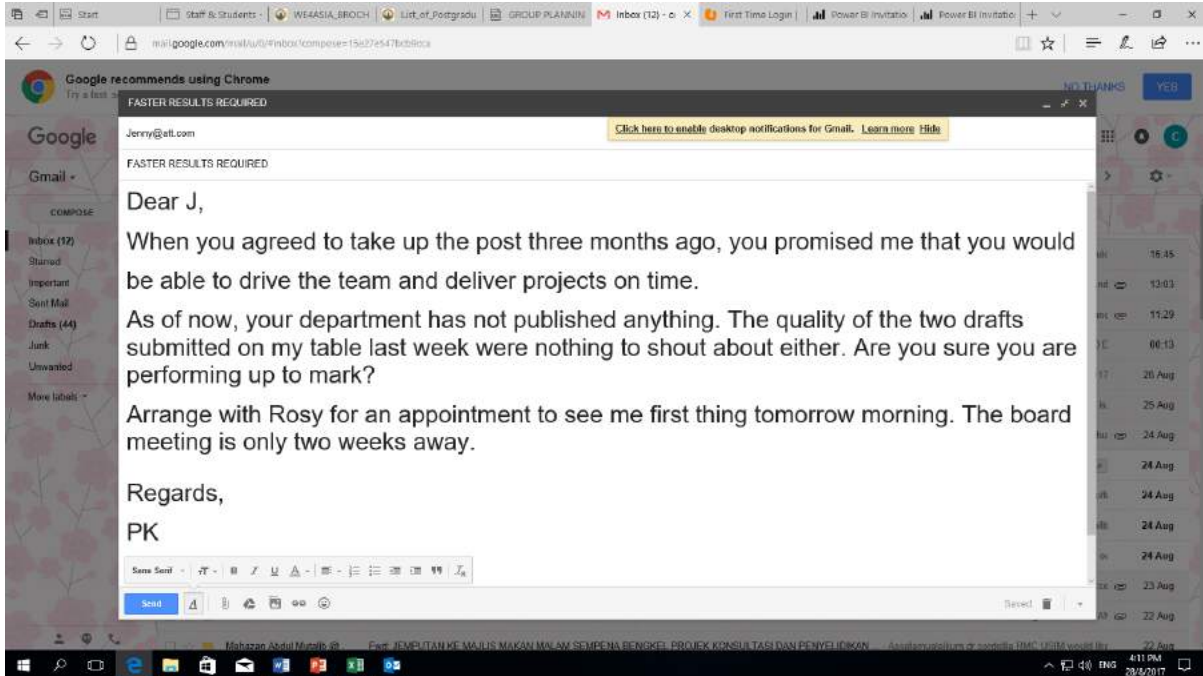
“A storm in a tea-cup really”, thought the bemused Jesbil, as he opened the door to his office.

Thinking about the boss he feared most when he worked for a telecommunication company many years ago, Jesbil entered his office.

“Nothing could be worse than having a cruel boss who was large and in-charge, a bit of a bully. Now that is frightening,” said Jesbil to himself as he sat on his chair and quietly resumed work.

The Demanding Boss

Next door, Jenny's usual quiet afternoons after lunch was interrupted by an email from Pierre Kruger.



Jenny was in shock and felt confused. She was angry and teary at the same time. Angry that so much was expected of her when in her opinion, the team she had been entrusted to lead was no big deal in the first place. If they were such good researchers, why were they not churning the outputs quickly? Back at Bright Consulting, she could produce at least one research report per month.

“All this need for data integrity was just the team’s way of prolonging a project!”
Jenny was fuming as she recalled the lame excuses each member of the team furnished each time she had the one-on-one sessions with them.

Jenny dialled her husband’s number and sobbed uncontrollably.

“Honey, are you ok.?” Reezal was concerned.

“Of course not! I am furious. This silly boss of mine wants to know why my team has not produced anything in the last three months. Now, tell me, how should I know? They are researchers and a hard bunch to manage with their excuse wielding tongues!” cried Jenny in between sobs.

Reezal tried his best to subdue his agitated wife over the phone to no avail. Jenny rattled on about her team and ATT. When she was more composed, Reezal told her he would take the night flight after work to be with her.

Double Whammy

When Reezal arrived at their posh condominium a little after midnight, Jenny was wide awake. Apparently, the earlier dilemma was nothing compared to the update she was about to share with her husband.

Two of the researchers handed in their resignations that evening! Kevin Hanks resigned citing that he could not stand Jenny's management style. He found Jenny to be annoying, lacking in research skills, overbearing – pushing the researchers to the limit. She had no technical skills and was a true blue 'LLB (Look Like Busy)' person. According to Kevin, research at ATT was very different from the approach used by the consultancy companies which was profit driven and churning reports mainly to be consumed by their immediate clients. ATT's research was shared on public domain and researchers must be meticulous in ensuring the reliability and validity of their data. Jenny was unable to differentiate the differences, according to Kevin.

Dr Sophia tendered her resignation and attached a 16-page essay on why she decided to resign. Twelve of those pages were about Jenny's lack of credibility as a leader. There were explicit examples provided to support her claims – Jenny's lack of tack in handling meetings, her lack of interest in reading the drafts thoroughly, and her obvious apple-polishing of the bosses, among others. Jenny felt slapped in the face when she read, the last line of the essay:

“A litmus test of her credibility as a leader in research and publication needs to be carried out. If she is so good, where is the proof of her work? How many research projects has she managed or completed? How many papers has she published?”

As she read Dr Sophia's essay out loud, Jenny was filled with grief. She realised that she should have taken more time to understand the team. Was she really too pushy? Was it true that she micro-managed the team? To think that she thought it was the director of administration who micro-managed! Was it true that she lacked research skills too? She had more than 25 years in the consultancy business. How could that be? Jenny was devastated as she reflected upon the accusations hurled at her. Jenny had yet to finish reading the Dr Sophia's 'essay' when she heard some noise. Reezal was already snoring. Jenny put down the letter and pulled the blanket over her head.

“How I wish this was just a nightmare,” she thought as she dozed off.

The Impact of Family Business Leader's Confidence In Succession Process

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ABSTRACT

Part of what makes family business is the intention of leaders to pass the business to the next generation. At the same time, there is a sobering fact that many family businesses do not make it through the first succession. Looking at the leaders, this study looks into the difference between family businesses that make it to the next generation and those that do not. Using multiple case studies, this study reveals that attitude toward conflict and benevolence boost confidence in succession process, which increases the likelihood of completing succession.

Keywords: family business, succession, stewardship theory, case study, qualitative

Introduction

Family business has long been focusing on keeping afloat. While all businesses can benefit from sustainability, family business is especially sensitive to break up (Brundin & Sharma, 2012). The literature repeatedly shows how family business survival is crucial not only for economic reasons but also for family unity (Chrisman, Chua, Pearson, & Barnett, 2010). This study extends the understanding of how succession works from the point of view of the incumbent leaders who are on the lead to succession, as leaders of both the family and the business. Research questions of the study are:

- How does family business leader behaviors impact their own confidence in succession process?
- Why does succession outcome depend on family business leaders?

To answer the research questions, this study utilizes qualitative research technique using multiple case studies. The most frequently used qualitative research method in family business research, De Massis and Kotlar (2014) reckoned that case study made the most impactful and interesting academic papers, in theory building. De Massis and Kotlar (2014) added that case studies used creatively was a powerful methodology to understand family business in its unique environment. As such, this study is a combination of exploratory and explanatory case studies to answer the why and how of the research questions.

Literature Review

Conflict

In family business, role conflict is inevitable. Because of the nature of the family and commercial logics intertwining and overlapping with one another, family and work responsibilities cause an individual involved in a family business to prioritize one over the other (Memili, Chang, Kellermanns, & Welsh, 2013). Lee, Zvonkovic, and Crawford (2014), however, argued that it is possible for an individual to balance the two roles as equally important. In addition to being able to view both roles as equally important, Kwan, Au, and Lau (2011) added that family business owners are better able to maintain their job satisfaction in the midst of conflicting roles, compared to owners of nonfamily businesses, because of the emotional supports provided by family members involved in the business.

According to Jaskiewicz, Heinrichs, Rau, and Reay (2015), the reason why many family businesses fail to complete intergenerational succession is because as a unit, the family fails to manage the two conflicting logics. In the study, the authors pointed out that family businesses consistently put one logics on top of another are more sustainable, although those putting commercial logics on top of the family logics are more likely to end up in buyout or professionalization.

While role conflict is inevitable in family business, the same group of people called family members living and working closely together on a regular basis causes interpersonal conflicts. Pieper, Astrachan, and Manners (2013) grouped interpersonal conflicts in family business into three categories, unresolved family conflict brought into the workplace,

generational conflict, and resistance to change. Many times, unresolved conflicts at home are brought into the workplace, causing family members to conceal the source of the problem and blame it on unrelated work problems. Pieper et al. (2013) suggested the involvement of family therapists when dealing with family business conflicts because business consultants do not have the expertise to deal with non-managerial problems.

Conflict of generational hierarchy occurs when the older members of the family asserts their power into the younger members, usually children or younger siblings. This problem is associated with authoritarian families where younger members are rewarded for compliance, to the point that they are unable to make their own decisions. Pieper et al. (2013) warned that conflict of generational hierarchy create problems upon succession, when younger members of the family could not carry out their responsibilities.

Resistance to change, also considered a type of relationship conflict in family business, takes place when the older generation leader is narcissist, fearing that the family business they have worked so hard on does well or even better under other leadership. Pieper et al. (2013) suggested that improving family cohesion maintained sustainability of both the family and the business.

On another study, Choi and Cho (2011) measured the impact of task conflict and relationship conflict in a group. In the attempt to explain the casual relationship between task and relationship conflicts, the study concluded that, while relationship conflict inevitably caused task conflict, task conflict does not always become relationship conflict. The key to keeping task conflict from becoming relationship conflict is the strengthening of trust. In a group where trusts among group members are high, task conflict does not become relationship conflict, whereas groups with low trust among members tend to have task conflicts to cause relationship conflicts.

Benevolence

The term benevolence is used, over generosity and altruism to cover extensive acts of selfishness done by family businesses, family business top management teams, as well as family members as individuals. Generosity covers mostly financial provisions, and altruism in family

business often carries negative connotation associated with bifurcation bias where family members are treated with favoritism.

Van Gil, Dibrell, Neubaum, and Craig (2014) compared family and nonfamily businesses and concluded that family businesses were usually more involved in social issues, although they rarely had written code of conduct. The study added that family businesses with succession plans were more committed to the community than those without. Reay, Jaskiewicz, and Hinings (2015) supported the study in their comparisons of traditional versus lifestyle family vineyards, concluding that vineyards owned by traditional families are more likely to be involved in the community, whereas vineyards owned by families that only wanted to live the lifestyle are less likely to participate in the surrounding communities. In a similar twist, Delmas and Gergaud (2015) suggested that wineries with succession plans are more likely to take eco-certifications.

Campopiano, De Massis, and Chirico (2014) concluded that family firm philanthropy increased with family involvement. At the same time, Berrone, Cruz, and Gomez-Mejia (2012) challenged the finding through socioemotional wealth angle, proposing that philanthropic activities strengthens family control of the business and influence in the community.

According to Feliu and Botero (2016), family businesses shifted their philanthropic activities from provisions of basic needs like provisions of shelters and food kitchens to the eliminations of social symptoms such as lack of educations and art programs. Another change of philanthropic activities recorded in the study is reason behind it. In the past, family businesses were coached by their publicists to perform acts of altruism to seek good reputations, while in the present, family businesses are involved in philanthropic activities out of pure altruism.

While Feliu and Botero (2016) could not prove the actual motive of pure altruism behind family business benevolence, a study by Hubbard, Harbaugh, Srivastava, Degras, and Mayr (2016) compared MRI images of 80 subjects during acts of charity, to find that participants happier performing acts of benevolence than receiving personal gains, even when the acts are done anonymously or in private.

Seen in a negative light, parental altruism is nevertheless an act of benevolence. Jaskiewicz et al. (2013) challenged the popular belief that nepotism was bad by distinguishing entitlement from reciprocal nepotism. The study argues that nepotism is not the problem. Rather, unreciprocated nepotism is. When reciprocal nepotism takes place, family businesses are more sustainable because nepots or the successors take the position of stewards. Eddleston and Kidwell (2012) provided similar conclusion, proposing that parental altruism can turn nepots into stewards of the family business when they have good quality relationships. Still, Verbeke and Kano (2012) challenged any idea of favoritism by concluding that family business with the absence of bifurcation bias, where family members are treated with favoritism, are more sustainable.

Family goals

While professionalization has been on one end of the family business battle, family goal remains one of the most important measures in family business. In fact, without family goals, family business is just another business co-owned by two or more blood-related people. Family goal is crucial to the sustainability of family business that Stewart and Hitt (2012) proposed a middle ground between family and professional management, where professionals are hired from family members whose skills have been leveraged based on the needs of the business. In addition to countering the negative connotation associated with less than professional family business, Stewart and Hitt (2012) argued that family businesses rarely put proper human management procedures on family members because hiring process are simpler when potential employers know the candidates well.

From the macroeconomic point of view, family businesses with their lack of appetite for instant gratification and aim at sustainability keep the economy from crashing the way stock market is unable to (Credit Suisse, 2012). Berrone et al. (2012) added that without the responsibility to answer to outside shareholders, family businesses gains the advantage of being able to set its own pace and the freedom to focus on more important issues such as taking the time to groom successors, providing jobs for family members and making sure leadership transition does not happen until successors are ready. Hay Group (2012) calls family business the “building blocks of Asian economy”, reporting that over 70% Asian corporations are family-

owned and controlled. In addition to endangering the economy at large, elimination of a family business will bring negative impact into the family relationships as well. Brundin and Sharma (2012) argued that family unity was one of the most important element that kept family in the business.

Using Socioemotional Selectivity Theory (SEST), Perry, Ring, and Broberg (2015) suggested that older family firms are more likely to trust family advisors than professionals. Socioemotional Selectivity Theory concludes that the older we get, the more we're are concerned about improving the quality of existing relationships, over enlarging the social circle. This theory is in line with the previously mentioned study stated that high trust groups do not translate task conflict into relationship conflict (Choi & Cho, 2011). This theory is proven by Salvato, Chirico, and Sharma (2012) on the Falck Group case study indicating its ability to resuscitate itself from the steel into renewable energy industry through the presence of family anchors that keep the family together during major transition.

On the other hand, Brundin and Sharma (2012) warned that the very family relationship keeping the family business together during tough time could also be responsible for destroying the business amidst conflict. Brundin and Sharma (2012) nominated family members with high emotional intelligence as the best candidates for family business leadership, because they will be able to dodge the emotional messiness of family business. The study named three different elements of emotional messiness, hybrid identities, psychological ownership, and psychological contract. Hybrid identities is the two identities of family members as family members and business owner/manager, which does not always agree in their goals. Psychological ownership is family member's identity association with the business. Psychological contract is certain privileges that family members assume as members of the family.

To understand the importance of family goals and family unity, the literature agrees that family business failure is mostly the result of inability to manage family relationship, not management incompetence (Blumentritt, Mathews, and Marchisio, 2013). Blumentritt et al (2013) used game theory that family business leaders could use to predict how a potential

successor candidate would perform if appointed. The study named communication and quality relationship between predecessor and successor as the key to a successful leadership transition.

Another perfect example of the importance of family goal can be seen in Glover and Reay (2013) study on UK family farms. From the UK Department of Environment, Food and Rural Affairs, the study shows that many family farms in the country run on little to no profits. Their survival shows that profitability is not required for sustainability. Instead, compromising on business decisions, as a form of communication, keeps the family business running for generations because of the emotional attachments of family members to the business.

Stewardship theory

Along with the Agency Theory, Stewardship Theory is the most widely used theory in family business study. Madison, Holt, Kellermanns, and Ranft (2015) in their review of 107 family business scholarly articles in multidisciplinary journals between 2000 and 2014 reported that both theories can be used in both personal and corporate level in relation to firm performance. However, the theories disagree when it comes to how performance can be maximized. Agency Theory takes a more straight-forward approach of aiming to minimize costs in order to maximize profits. Stewardship Theory, on the other hand, adheres to the concept that the sense of belonging to the firm promotes trust and commitment from the employee that promotes competitive advantages of the family firm.

Stewardship Theory adopts humanistic model where commitment to the family business causes stewards to put the corporate needs over personal needs. Madison et al. (2015) argued that stewardship model is also effective for nonfamily employees through empowerment. Stewardship model can increase performance through participative management by encouraging employees to participate in the firm betterment.

Theory of planned behavior

Theory of Planned Behavior was derived from Theory of Reasoned Action (Fishbein & Ajzen, 1975), which proposed that attitude and social norm can accurately predict intention that is later translated into action. In Theory of Reasoned Action, attitude measures an individual

favorability toward a certain behavior. Social norm refers to the perceived social pressure associated with performing the behavior in question. In the Theory of Planned Behavior, Ajzen (1991) introduced perceived behavioral control as a new variable. Perceived behavioral control assesses the level of difficulty in performing the behavior, based on previous experience as well as other knowledge. Intention is the gauge of motivation to perform the behavior in discussion, as a result of the combination of attitude, social norm, and perceived behavioral control associated with performing a certain behavior. As a general rule, the stronger the intention, the more likely the intended behavior will be performed.

In the context of family business, Theory of Planned Behavior has been used to measure intent for succession. De Massis, Sieger, Chua, and Vismara (2016) looked into different factors that influence family business leaders in their intent to perform succession. In the study, it was suggested that family business leaders holding sole or controlling ownerships of the businesses are more likely to perform succession when they have more children. Consequently, De Massis, et al. (2016) suggested that dispersed ownership reduced the intention. In addition to the number of children, the study also discovered that emotional attachment to the family business increases intent for succession.

While the study itself did not use Theory of Planned Behavior, in the attempt to explain why family businesses continue to appoint incompetent successor, Zellweger, Kellermanns, Chrisman, and Chua (2012) suggested that family businesses increase their perceived value when they have succession plan in place or show intent for succession.

Methodology

The advantage of conducting a qualitative research study is there is no wrong way of doing it (Creswell, 2013; Ritchie, Lewis, Nicholls, and Ormston, 2013; Yin, 2011). The disadvantage of conducting a qualitative research study is, because there is so much flexibility, it is easy to dismiss a case study when it lacks rigor and quality. To avoid the dilemma, this study applies multiple validity and reliability measures, adhering to Creswell (2013).

Validity in qualitative research refers to a properly collected data reflecting the real world situation (Yin, 2011). As Creswell (2013) pointed out, qualitative researchers are free to choose multiple validation methods to strengthen the result of the study that are the most convenient for the research settings. This study uses prolonged engagement, triangulation, member checking, and rich, thick descriptions for validation methods.

Prolonged engagement where interviewer shadows the participants in the effort of checking the accuracy of statements from the interview is related to triangulation, where different data collection methods are applied to come to the conclusion that collected information is accurate. In addition to prolonged engagement, triangulation includes field observation, both during the presence and absence of the main participants, and supporting interview with family members and key employees at the workplace.

Member checking is a validation mechanism where extracted themes are brought back to the participants for agreement, to make sure that researchers accurately describe the information provided by the participants. Member checking is also a mechanism to give reliability to the study. Rich, thick description is the main characteristic of qualitative study where findings are told in narratives rather than numerical data.

As pointed out earlier, qualitative study has a lot of freedom for creativity and customization, because it does not aim at generalization the way quantitative studies do. Nevertheless, qualitative study maintains its ability to apply analytical generalizability (Noble & Smith, 2015). Analytical generalizability refers to generalization based on the same characteristics, rather than statistical generalization. As such, findings of this study are applicable to family businesses under similar environments.

Propositions

Proposition 1

Family business leaders with positive attitude toward conflict have more confidence in their succession process

- *Family business leaders with negative attitude toward conflict have less confidence in their succession process*

Attitude toward conflict describes how a family business leader reacts in the face of conflict. More often, attitude toward conflict is not related to the presence of conflict, but rather, the perception of conflict.

Proposition 2

Family business leaders who are more benevolent have more confidence in their succession process

- *Family business leaders who are less benevolent have less confidence in their succession process*

This study uses the term benevolence to cover both generosity and thoughtfulness toward the employees. As indicated in the study, benevolent leaders are more likely to have the loyalty of employees and family members for their ability to empathize and provide good working environments for everyone involved in the family business.

Proposition 3

Family business leaders who integrate succession into family goals have more confidence in their succession process

- *Family business leaders who do not integrate succession into family goals have less confidence in their succession process*

Family business leaders apply different methods of succession. Whereas some instill in their children from early ages that they will one day work for the family businesses, others prefer a wait and see attitude, delaying succession talks until the children are older.

Proposition 4

Confident family business leaders are more likely to complete their succession process

- *Less confident family business leaders are more likely to prolong their succession process*

While part of definition of family business lies in the intention to pass the business to the next generation, not all family businesses manage to complete their succession process and bring the business to the next generation leadership.

Research protocols

Robson (2011) noted that qualitative study is known for its flexibility. While applying flexibility on the part of participants, data collection of this study carries around a set of protocol questions as a guideline:

1. Attitude toward conflict

- How do participants react to the idea of conflict?
- How do participants manage next generation involvement in the family business?
- How much freedom do next generation have in the business?
- If any, why do some next generation family members choose not to work in the family business?

2. Benevolence

- How do participants reward employees?
- What are employee retention plans in place?
- How important are employees as firm asset?
- How long have key employees worked for?
- What kind of relationship do successor participants maintain with sibling shareholders?
- What kind of social activities are participants involved in?
- How generous are they?

3. Family goals

- Would participants sacrifice business goals for family goals?
- How important is family to the participants?
- When next generation is encouraged to join the family business, is it a pressure, as a form of payback to participants, or is it as a part of the team that works together for the good of the family?

- How are participants’ personal relationships with the next generation?
- What are the role of spouses and sibling shareholders in encouraging next generation to join the family business?
- How much encouragement do participants offer next generation in making their own contributions to the businesses, despite potential losses or mistakes?
- How much freedom is next generation allowed in the family business?
- How much room for error is the next generation allowed in the family business?

In compliance to qualitative data collection, not all protocol questions are asked during the interview. Rather, it serves as a guideline for the researcher to figure out during the interviews with participants as well as other family members and key employees and during observations. Observations are done both in the workplace and family gatherings at home or outside of work to observe the interactions among family members.

Participants

Participants to this study are obtained through purposive sampling. All participants have to meet the criteria set by the researchers. Participants have to lead a family business leaders intended to be passed to the next generation. At the same time, participants lead family businesses with sole or controlling ownership with the family. Another qualifying criterion to the participants is to have next generation family members involved in the business. The overview of participants can be seen in Table 1.

Table 1 Participants’ Overview

					Next Generation
Participant	Age	Tenure	Generation	Total	In the firm
A	53	39	3	6	5
B	61	30	1	2	1
C	58	19	1	3	1
D	68	40	1	6	4
E	71	36	1	5	2

F	74	52	8	1	2 (one son in law)
G	60+	40	2	5	4

Participants consist of both founders and successors. Participants A, F, and G have themselves been successors, taking over family business leaderships from the previous generations. All successors are male. While all successors in the study are male, none of them was the likely successor. They all rose to the position by chance. Participant A led the family business when his father passed away and he was the longest tenured next generation. Participant F was hired into the business by his father-in-law when none of the next generation was interested in the funeral business. As a son of his father’s third wife, Participant G complied to his stepmother’s request to buyout his step siblings. While this study does not include female successors for inability to find nominees, the three unlikely successors serve as a replacement, proving that primogeniture is no longer the preferred type of succession mechanism.

Participants B and C are founder themselves, having been working in managerial type jobs. Participants D and E are the female founders. While Participants B, C, D, and E all started the family business out of needs to provide for the family, Participants D and E behave differently from Participants B and C during succession process, partly as a result of their gender roles

Data reached saturation at Participant G. While it is commonly known that sample size in qualitative research is smaller than quantitative, there is no guidance in the number of participants. Creswell (2013), along with other qualitative scholars, suggested that qualitative researchers develop sensitivity in knowing when to stop, which is usually when the data reaches saturation.

Findings

This study focuses on the why and how of family business succession, from the point of view of the incumbent leaders. As the most influential actor in succession, family business incumbents’ confidence in succession process determines sustainability of the business.

Proposition 1 - supported

Family business leaders with positive attitude toward conflict have more confidence in their succession process

- *Family business leaders with negative attitude toward conflict have less confidence in their succession process*

Participants A, F, and G, all of whom are successors in their own respective family businesses have somewhat positive attitude toward conflict. In the workplace, Participants A, F, and G provide enough space for all interested next generation children. While all participants admit to mediating conflicts in the beginning, they are open to the idea that conflict happens as a consequence of next generation involvement in the family business. Being successors themselves, Participants A, F, and G have the advantage of experiencing succession process. The experiences allow them to be more comfortable giving some freedom to the next generation to practice their decision making muscles during succession process. At the same time, successor participants are aware of the reality of the possibility that none of the potential successor is interested or capable of taking over leadership, in which case, they have to appoint someone outside the family to run the business to keep it afloat.

Participants B and C have negative attitude when it comes to conflict. Both male founders admitted they are uncomfortable with the idea of leaving the workplace open for every interested next generation family members to be involved in. In fact, each male founder employs only one son in the family business. When asked to elaborate the reasons, they both mentioned that putting more than one child in the same space with overlapping responsibilities will end in internal conflicts. Consequently, they are more worried about the succession process, evident in the way both Participants B and C questioned the interviewer if they have made the right decisions for the succession process.

Unique finding on this proposition comes from female Participants D and E, whereas successor participants show positive attitude toward conflict within limit that they always attempt to solve conflict in the beginning, Participants D and E do not think of conflict as

something that hinders family business sustainability. Instead, they let conflicts develop and be solved freely by parties involved. While they responded to the question about conflict, Participant D and E did not get tense like other participants. In fact, their demeanors show more relaxed attitudes when dealing with interactions in the workplace. Whether or not it has to do with gender roles require further study. Regarding confidence in the succession process, female participants do not seem to have any pressure in ensuring business sustainability. Instead, they are more concerned that all the children are capable of providing for themselves.

Proposition 2 - supported

Family business leaders who are more benevolent have more confidence in their succession process

- *Family business leaders who are less benevolent have less confidence in their succession process*

Participants D, F, and G show similar types of benevolence, in which all three treat nonfamily employees as part of the families. Participants D and G takes taking care of their employees as part of their job. Participant D has a dormitory building in the back of the warehouse for employees from out of town. In addition to that, informants shared that Participant D often holds a cookout for the employees. Participant D also makes personal loans available to increase the quality of lives of the employees. She noted that when her son purchased operational cars, she offered personal loans for her employees interested to purchase them.

Before one of the interview, Participant G spent the night caring for an employee in the hospital. When asked about it, he said that it was a privilege to be able to care for the employees, adding that somebody else would, if he did not. Having his brother as the managing director of the farming equipment manufacturing plant, Participant G uses his free time for social work. He is known as an advisor to various farming cooperatives as well as education foundations and religious organizations in Surabaya.

Participant F shows his act of benevolence through loyalty toward the employees, pointing out that some of his employees had their parents working for him. In the beginning,

Participant F was hired by his father-in-law to manage the company to let the employees keep their jobs when the casket industry stopped making money in the 1960s. Participant F kept the philosophy to this day. When his Taiwanese son-in-law joined the company, he made it a point to attend weekly meeting with him to make sure the employees were not offended. Another act of benevolence toward his employees is shown by distributing commission fee from various funeral services directly to the employees. Consequently, Participant F also provided his non-shareholding brother who manages the family business and make sure he does not have to worry about providing for his family.

Like Participant G, Participant F is also involved in various social activities, such as being a member of nonprofit hospital foundation. In his social activities, Participant F often provided free caskets for the less fortunate families.

While Participant E did not share many stories about her benevolent activities, she told of how her employees' habits of paying attention to the people hanging outside the office helped the police caught the criminals when her office was robbed. Being a money changer, her business never required a lot of staff. Nevertheless, her attitude of trust toward the employees shows her loyalty to them.

Participant A is the only successor participant who did not have a lot of social activities, although he pointed out that he was always trying to be loyal to the employees who were partially responsible for the next generation's education.

Having been employees themselves, it was assumed that Participants B and C show benevolence toward their employees. Nevertheless, it is surprising how their only act of benevolence are shown in their employee referral program. Both participants agree that employees should be loyal to the employers, not the other way around. Consequently, as it was discussed in the previous section, Participants B and C are the most worried about their succession process, repeatedly asking the interviewer if they have made good decisions in dealing with succession. In fact, there was a period of time when Participant C admitted he was

clueless as to what to do with his two daughters, asking the interviewer if other family businesses share their wealth with the daughters. As such, this proposition is supported by the participants.

Proposition 3 - rejected

Family business leaders who integrate succession into family goals have more confidence in their succession process

- *Family business leaders who do not integrate succession into family goals have less confidence in their succession process*

Having been through succession before, it is expected that Participants A, F, and G integrated succession to the family goals, to a certain degree. Both Participants A and G made it a point to the next generation since their early ages that they will one day be responsible for the family business. While Participant F is guided his only daughter to study mortuary science in college, his main intention was to equip her with a bright future, whether or not she would be involved in the family business. In his own words, Participant F pointed out that it was not fair for him, a person of the past, to draw the path for her daughter, a person of the future.

The female participants take a similar approach as Participant F, in which they are more concerned about raising the children to be able to provide for themselves, although they personally prefer to have the children succeed them. As such, proposition 3 is rejected, because Participants D and E show the highest confidence in the succession process. In fact, Participant D is the closest to completing her succession. At the point of the interview, her children are in charge of all elements of the business, although they respect Participant D's decision as the founder who started it all.

As is customary, Participants B and C did not think about passing the business to the next generation until the businesses were substantial enough. In Surabaya, small- and medium-sized business owners prefer to lend capitals for the children to replicate the businesses as startups, rather than passing the existing business to them.

Proposition 4 - supported

Confident family business leaders are more likely to complete their succession process

- *Less confident family business leaders are more likely to prolong their succession process*

As mentioned before, Participants D and E, along with Participant F, are the most confident and relaxed about their succession process, due to their philosophy that they have raised the children to be able to provide for themselves, and thus, capable to take over the family businesses. Consequently, these participants are the closest to completing their succession process. Both Participants D and F have technically handed over family business leaderships to their children, although they maintain presence in the workplace because of cultural resistance to full retirement. Likewise, the children respect their parents and continue to provide space and some authorities to the parents.

Due to co-ownership with his siblings, Participant G has more worries about his succession process, compared to Participants D, E, and F. Part of his worries are related to how the next generation may disagree because of their different upbringing. In comparison to Participants D, E, F, and G, Participant A are more worried about succession process. In addition to different upbringing of next generation family members from different co-owning parents, Participant A is also worried about the possibility of conflicts getting blown out of proportion when he no longer has the leadership.

Because of their negative attitude toward conflict that cause them to worry about any type of conflict among next generation family members, Participants B and C are not very confident with their succession process. As such, they attempt to prolong their succession process and maintain their authorities in the family business despite the fact that the children are capable of leading the family businesses. Thus, this proposition is supported.

Conclusion and Recommendations

Previously, family business studies have pointed out the importance of having succession plan in place for family business sustainability (Salvato & Corbetta, 2013). This study, however, has challenged the literature in several ways. While succession plan is useful to have, for the family to aim at the same goal, it is not a prerequisite to sustainability.

This study has brought several contributions to the field of family business. First of all, while the literature agrees that conflict is one of the main source of unsustainable family business, it has never looked at attitude toward conflict as an element that can determine the future of a family business.

This study has also contributed a new ground where benevolence is considered a support element of sustainability. The literature has looked into elements of generosity and altruism, but it never puts general benevolence to boost sustainability.

At the theoretical level, this study contributes to the literature in bridging the gap between intention and action using Theory of Planned Behavior. In the Theory of Planned Behavior, intention is proposed to be a good indicator of action. This study, however, shows that confidence and attitude are crucial indicators on predicting whether or not an intention will turn into action.

While this study covers an extensive area associated with family business succession, it is not without limitation. Adopting the study in a culture where inheriting a business is not the norm, this study may yield different result. In addition, children of participants in this study has limited amount of working experience. Using participants whose children have extensive working experience, the study may conclude differently. Future studies should look into the impact of culture in the succession process, as well as longitudinal studies to track how successors experience become as the new leaders.

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**Penilaian Harta Tanah Warisan
(Kes Kajian – George Town)**

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Abstrak :

Warisan secara amnya adalah sesuatu yang akan atau telah diwarisi yang mana melibatkan dua pihak iaitu generasi lepas dan generasi akan datang. Bangunan lama atau tapak yang tinggal pada masa kini mempunyai harga yang tidak ternilai dari segi warisan sejarah. Pembinaan struktur lama dan bersejarah seperti masjid, istana lama, rumah-rumah kedai dan sebagainya mempunyai pelbagai bentuk dan rupa melambangkan nilai senibina yang mengagumkan. Kajian ini dijalankan untuk menentukan perkara yang perlu dipertimbangkan dalam penilaian harta tanah warisan dan mengkaji praktis penilaian bagi harta tanah warisan yang dinilai. Faktor senibina dan sejarah bangunan adalah penting dalam penilaian harta tanah warisan. Selain itu, faktor perundangan bagi harta tanah warisan juga perlu diambilkira untuk mengetahui sekatan terhadap harta tanah warisan. Kaedah perbandingan merupakan kaedah utama dalam menjalankan penilaian harta tanah warisan. Elemen yang perlu dititik beratkan adalah pemilihan perbandingan yang betul. Berdasarkan pendapat, perbandingan bagi harta warisan perlulah dalam kawasan yang sama, mempunyai ciri senibina yang sama dan nilai sejarah yang sama.

Kata Kunci : warisan, penilaian, harta tanah

Pendahuluan

Secara amnya, harta tanah warisan melibatkan bangunan lama dan bersejarah. Bangunan warisan juga merupakan salah satu faktor tarikan pelancong ke negara ini. Kecantikan dan keunikan bangunan lama menjadi daya tarikan pelancong kerana bangunan lama menyimpan sejarah dan peristiwa penting negara dan mempunyai nilai sentimental dan nilai budaya yang penting kepada generasi akan datang dalam mengenali sejarah negara. (Utusan Malaysia, 2013). Menurut Lilawati, Ghafar, Badaruddin (2008), bangunan bersejarah adalah bukti sejarah masa lalu dan merupakan aset yang penting kepada Negara.

Perundangan yang berkaitan dengan harta warisan di Malaysia telah diperkenal dan diwartakan bertujuan untuk memelihara, melindungi, memperkembang dan menjaga warisan kebangsaan yang dikenali sebagai **Akta Warisan Kebangsaan 2005** atau **Akta 645**. Akta ini telah diwartakan pada 31 Disember 2005 dan berkuat kuasa pada tarikh 1 Mac 2006. Dengan adanya Akta 645 ini maka Akta Benda Purba 1976 (Akta 168) dan Akta Harta Karun 1957 (Akta 542) telah dimansuhkan.

Menurut Yuszaidy, Hanapi dan Samad (2011), Kerajaan Malaysia telah mengambil tindakan yang baik dan jelas dengan mewartakan Akta Warisan Kebangsaan 2005. Akta ini telah menjadi garis panduan dalam semua aspek perundangan sehingga kepada aspek pentadbiran dan pengurusan warisan budaya itu. Akta ini lebih menyeluruh dalam semua aspek dan komprehensif. Akta ini telah menyelamatkan dan melindungi pelbagai jenis warisan budaya tanpa mengira bangsa dan etnik dan dapat memelihara warisan budaya daripada dimiliki oleh negara lain atau musnah atau dicuri oleh pihak tidak berkenaan.

Jenis warisan yang diistilahkan di dalam akta adalah seperti jadual 1 di bawah:

Jadual 1: Jenis Warisan

Warisan kebudayaan	Dibahagikan kepada 2 kategori: i) Warisan ketara (<i>tangible heritage</i>) Sesuatu yang kekal dilihat dan dipegang sama ada statik atau mudah alih. Termasuklah kawasan, monumen dan bangunan ii) Warisan tak ketara (<i>intangible heritage</i>) Ungkapan, bahasa, sebutan lidah, pepatah, lagu yang dihasilkan melalui muzik, not, lirik boleh didengar, nyanyian, lagu rakyat, tradisi lisan, puisi, muzik, tarian sebagaimana yang dihasilkan melalui seni pentas, persembahan teater, pengubahan bunyi dan muzik, senimempertahankan diri, yang telah wujud atau wujud berhubung dengan warisan Malaysia atau mana-mana bahagian Malaysia atau berhubung dengan warisan masyarakat Malaysia.
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	Termasuk juga ritual dan kepercayaan, perubatan tradisional, tradisi masakan, sukan dan permainan tradisional.
Warisan Kebudayaan di bawah air	Warisan kebudayaan bawah air iaitu artifak warisan bawah air agar dapat dilindungi dan supaya tidak hilang atau musnah. Ini bermaksud setiap benda yang berada di dalam pantai dan persisiranya berada dalam keadaan lindungan dan terpelihara secara bersama di samping dapat dikaji. Contohnya adalah Penemuan Kapal Karam bersejarah di Karang Mangsi, Pulau Banggi, Kudat, Sabah
Warisan Semulajadi	Ciri-ciri semula jadi mana – mana kawasan di Malaysia yang terdiri daripada pembentukan tanah secara fizikal atau biologi atau kumpulan pembentukan itu, ciri geologi atau fisiografi, gunung, sungai, anak sungai, pembentukan batu, pesisir laut atau mana-mana tapak semula jadi yang mempunyai nilai yang menonjol dari pandangan semula jadi, sains, pemuliharaan sejarah atau keindahan semula jadi termasuk flora dan fauna Malaysia. Contohnya adalah Taman Negara, Taman Laut (Marine Park) , Kawasan Tanah Lembap (Wetlands) / RAMSAR Sites, Rezab Hidupan Liar, sungai, tasik dan lain-lain lagi
Warisan Kebangsaan	Mana-mana tapak warisan, objek warisan, warisan kebudayaan di bawah air atau mana-mana orang hidup yang diisytiharkan sebagai Warisan Kebangsaan di bawah seksyen 67 Akta 645.

Secara ringkasnya, penilaian ke atas harta tanah warisan perlu dijalankan sekiranya melibatkan peruntukkan Seksyen 38 (1) (b) dan (c) iaitu:

“jika tapak warisan terletak di atas tanah beri hakmilik, Pesuruhjaya boleh selepas berunding dengan Pihak Berkuasa Negeri”:

(b) membeli atau memajakkan tapak warisan itu;

(c) memperoleh tapak warisan itu mengikut peruntukan mana-mana undang-undang bertulis yang berhubungan dengan pengambilan tanah bagi maksud awam; atau

Jadual 2: Statistik harta warisan

KATEGORI	BENTUK	JUMLAH	
		Warisan	Warisan Kebangsaan
Tapak	Bangunan/Monumen	176	47
	Arkeologi	2	6
	Semula Jadi	2	7
Jumlah Besar		180	60
Objek	Ketara	3	67
	Tidak Ketara	33	241
Jumlah Besar		36	308
Orang hidup		0	15

Sumber: <http://www.heritage.gov.my/>

Latar Belakang

Jabatan ini ada menerima permohonan penilaian yang melibatkan harta tanah Warisan Kebangsaan, antaranya adalah penilaian Bangunan Suluh Budiman (tahun binaan adalah 1922) iaitu bangunan kategori Warisan Kebangsaan di Kampus Sultan Abdul Jalil Shah, UPSI, Tanjung Malim.

Merujuk kepada isu teknikal jabatan, di dapati terdapat 2 perbezaan pendapat penilaian dalam menentukan nilai pasaran harta tanah warisan iaitu penilaian bagi sebuah bangunan lama yang dibina pada tahun 1896 diperbuat daripada bata istimewa (*red bricks*) dan kayu dengan senibina bercorakkan Moorish dan Moghul. Bangunan yang berusia 110 tahun ini telah disenaraikan di bawah 'Antiquities Act 1976'.

Kajian yang di jalankan oleh Roslan et al (2007) menyatakan bahawa impak pelaksanaan garis panduan terhadap pemuliharaan bangunan warisan di Pulau Pinang adalah positif di mana sokongan atas polisi pemberian insentif oleh Kerajaan Negeri yang menunjukkan warisan menambah nilai harta tanah dan menyokong dakwaan bahawa pemuliharaan warisan boleh menjana impak yang signifikan dan positif ke atas nilai harta tanah di negeri Pulau Pinang.

Kajian tersebut juga menyarankan kepada pihak pengurusan Jabatan Penilaian dan Perkhidmatan Harta, Kementerian Kewangan Malaysia untuk mengambilkira keputusan kajian itu dengan mempertimbangkan kelebihan harta tanah warisan berbanding harta bukan warisan dalam kerja-kerja teknikal jabatan.

Oleh itu, apakah perkara yang perlu dipertimbangkan dan diambilkira untuk menilaikan harta tanah warisan ini? Bagaimanakah praktis penilaian ke atas harta tanah warisan ini?

Objektif Kajian

Objektif kajian ini adalah untuk:

- i) Menentukan perkara yang perlu dipertimbangkan dalam penilaian harta tanah warisan
- ii) Mengkaji praktis penilaian (amalan) bagi harta tanah warisan yang dinilai

Metodologi Kajian

Pendekatan yang digunakan adalah pendekatan kualitatif melalui analisis kandungan daripada kes-kes penilaian harta tanah warisan yang dijalankan oleh jabatan dalam mengenalpasti perkara yang dipertimbangkan dan amalan penilaian yang dipraktiskan dalam penilaian harta tanah warisan. Antara aspek yang akan di analisa melalui data yang telah dikumpulkan adalah merangkumi aspek berikut:-

- a) Kaedah nilaian yang dijalankan
- b) Elemen yang di ambilkira dalam menjalankan penilaian contohnya susutnilai, sewaan, pendapatan lot subjek
- c) Perbandingan yang digunakan
- d) Perkara-perkara yang dipertimbangkan dalam nilaian.

Kawasan Kajian - George Town, Pulau Pinang

Pada 7 Julai 2008 adalah tarikh istimewa dalam sejarah Malaysia kerana pada pukul 9.30 pagi waktu Quebec, Kanada, pengiktirafan Melaka dan George Town sebagai Tapak Warisan Dunia telah diumumkan dalam mesyuarat ke 32 UNESCO World Heritage Committee.

George Town diterima sebagai tapak warisan kerana dapat memenuhi nilai keunggulan sejagat (*Outstanding Universal Value (OUV)*) berdasarkan tiga (3) kriteria di antara enam kriteria iaitu kriteria ii, iii dan iv. Secara ringkasnya OUV George Town adalah :

Kriteria ii :

Merupakan contoh bandar kolonial bersejarah yang cukup menarik di Selat Melaka, yang memaparkan pengaruh budaya dan persejarahan yang berturutan hasil daripada fungsi kedua-dua bandar itu sebagai pelabuhan perdagangan yang menyambungkan dunia Timur dengan Barat. Kedua-duanya merupakan pusat bandar bersejarah di Selat Melaka yang paling sempurna, dengan warisan kepelbagaian budaya yang masih hidup, yang asalnya bermula dengan jalan perdagangan dari Great Britain dan Eropah, melalui Timur-Tengah, benua kecil India dan Gugusan Kepulauan Melayu, sehingga ke China.

Kriteria iii :

Mewakili contoh bandar dagangan pelbagai budaya dunia Timur dan Asia Tenggara, yang terbina sebagai hasil asimilasi budaya Melayu, Cina dan India dengan tiga kuasa kolonial Eropah secara berturutan selama hampir 500 tahun, setiap satunya dengan peninggalan kesan terhadap seni bina dan rangka bentuk bandar, teknologi dan seni agung.

Kriteria iv :

Mempunyai bukti sahih yang masih kekal tentang warisan hasil daripada asimilasi pelbagai budaya dan tradisi Asia dengan pengaruh kolonial Eropah. Warisan kepelbagaian budaya yang ketara dan tidak ketara ini dipaparkan pada bangunan-bangunan ibadat dari pelbagai agama, masyarakat etnik, bahasa yang berbagai-bagai, perayaan penganut agama, tarian, busana, seni dan muzik, makanan dan cara hidup seharian.

Seluas 259.42 hektar telah diiktiraf sebagai tapak warisan dunia yang terbahagi kepada dua (2) kawasan seperti Jadual 3 di bawah:

Jadual 3: Kawasan tapak warisan dunia

Kawasan	Luas tanah	%
Kawasan teras (Core Zone)	109.38 hektar	42.16
Kawasan penampan (Buffer Zone)	150.04 hektar	57.84
Jumlah	259.42 hektar	100

Sumber: Jabatan Warisan, MPPP

Melalui bajet tahun 2009, kerajaan menyediakan peruntukkan RM50 juta untuk kerja pemuliharaan di Melaka dan Pulau Pinang untuk menyokong inisiatif pemuliharaan tapak warisan tersebut. George Town mendapat agihan peruntukkan sebanyak RM20 juta yang dikendalikan oleh Think City Sdn Bhd (anak syarikat Khazanah Nasional).

Gaya Senibina Bangunan Di George Town

Gaya senibina bangunan warisan di George Town menggambarkan evolusi dalam pembinaan bangunan dan kematangan dalam aspek ekonomi dan sosial. Berdasarkan daripada maklumat Jabatan Warisan, Majlis Perbandaran Pulau Pinang, gaya senibina bangunan di George Town adalah seperti Jadual 4 di bawah:

Jadual 4: Evolusi pembinaan bangunan

Gaya Senibina	Tahun binaan	Jenis bangunan
Anglo – Indian Style	Mid 19 th – early 20 th century	Compound house
Indo – Malays Palladian	19 th century	Compound / mansion
Sino – Malay Palladian	early 20 th century	Compound / mansion
Anglo – Malay Style	early 20 th century	Compound bungalow
Early shophouse style	1800 – 1850's	1-2 tingkat rumah kedai teres
Early transitional style	1840 – 1900's	2-3storey terrace shophouse/house
Early straits eclectic style	1890 – 1920's	2-3storey terrace shophouse/house
Late straits eclectic style	1920 – 1940's	2-3storey terrace shophouse/house
Neo - Classical style	19 th – early 20 th century	Intitusi, pentadbiran, komersial dan kediaman
Art - Deco style	1930 – 1950's	Terrace shophouse, house, commercial
Early modern style	Post war	Terrace shophouse, house, commercial
Late modern style	Late 1960's	Terrace shophouse, house, commercial

Berdasarkan kajian oleh Tan Yeow Wooi dan Dr. Gywnn Jenkins pula, rumah-rumah kedai warisan di George Town terbahagi kepada enam (6) gaya senibina bersejarah utama. Setiap gaya senibina mempunyai perbezaan dan ciri-ciri hiasan yang menggambarkan tempoh masa yang berbeza dalam sejarah George Town. Gaya senibina tersebut adalah seperti di bawah:

Jadual 5 : Gaya senibina

Bil	Gaya Senibina	Tahun binaan
1	Gaya awal “Pulau Pinang”	1790an – 1850an
2	Gaya Elektik “ Selatan China”	1840an – 1900an
3	Gaya Awal “Straits” Elektik	1890an – 1910an
4	Gaya Akhir “Straits” Elektik	1910an – 1940an
5	Gaya Art Deco	1930an – 1960an
6	Gaya Awal Moden	1950an – 1970an

Ciri-Ciri Rumah Kedai

Berdasarkan kepada kajian Tan Yeow Wooi dan Dr. Gywnn Jenkins juga telah menyenaraikan ciri-ciri utama rumah kedai di George Town adalah seperti berikut:

Jadual 6 : Ciri rumah kedai

Bil	Ciri
1	Low Rise (1-2 tingkat)
2	Bangunan teres
3	Narrow Front, Deep Rear
4	Party Wall
5	Mountain-like Roof
6	Five-foot Way
7	Internal Courtyard/ Air Well
8	Masonry & Timber Construction
9	Multiple Façade Style
10	Multi -functional

Kategori Warisan

Kategori bangunan warisan di George Town boleh dikategorikan kepada 4 seperti yang dinyatakan dalam Jadual 7 di bawah.

Jadual 7: Kategori warisan

Bil	Kategori / Keterangan
1	<p><u>Kategori 1</u></p> <p>Mempunyai ciri istimewa dari segi kepentingan sejarah, nilai senibina dan nilai sosial budaya. Hanya terdapat 1 bangunan yang telah di wartakan di bawah Akta Warisan Kebangsaan 2005 di George Town, bangunan tersebut adalah Gereja St. George terletak di No. 1, Lebuhraya Farquhar, George Town. Bangunan ini terletak di (Core Zone) tapak warisan dunia.</p> <p>Manakala terdapat sepuluh (10) harta warisan pula telah di wartakan sebagai harta warisan di bawah Akta Warisan Kebangsaan 2005.</p> <p>Hanya kerja membaik pulih dibenarkan bagi kategori ini.</p>
2	<p><u>Kategori 2</u></p> <p>Mempunyai ciri dan kepentingan nilai senibina dan nilai sosial budaya.</p> <p>Menyumbang kepada pembentukan pandangan “streetscape” yang estetik dan imej bandar yang unik. Kerja yang dibenarkan termasuk kerja baikpulih, kerja-kerja tambahan/pengubahsuaian dan tukarguna bangunan (semua kerja tertakluk kepada kebenaran Majlis Perbandaran Pulau Pinang)</p> <p>Contohnya adalah bangunan kediaman dan rumah kedai.</p>
3	<p><u>Infill development</u></p> <p>Merupakan tapak kosong atau struktur sementara yang tidak mempunyai kepentingan dari segi nilai warisan. Pemajuan baru adalah dibenarkan tetapi tertakluk kepada Garis Panduan Pemuliharaan. Bangunan baru perlu direkabentuk secara sensitif serta bersesuaian dengan karektor kawasan setempat dan imej bandar</p>
4	<p><u>Replacement</u></p> <p>Merupakan bangunan baru sedia adayang tidak mempunyai nilai warisan dan tidak sensitif serta tidak bersesuaian dengan karektor setempat</p> <p>Pemajuan semula adalah dibenarkan tetapi tertakluk kepada Garis panduan Pemuliharaan</p>

Bagi statistik bilangan harta warisan di George Town adalah seperti Jadual 8 di bawah:

Jadual 8: Statistik harta warisan di George Town

Bil	Kategori	Core zone		Buffer Zone		Out Zone		Jumlah	
		Bil. bangunan	%	Bil. bangunan	%	Bil. bangunan	%	Bil. bangunan	%
1	Kategori 1	57	2.5	14	0.59	27	1.21	71	1.53
2	Kategori 2	1658	72.78	1914	80.73	2209	98.79	3572	76.83
3	Infill development	301	13.21	206	8.69	Tiada	-	507	10.91
4	Replacement	262	11.50	237	10	Tiada	-	499	10.73
		2278	100	2371	100	2236	100	4649	100

Sumber: Jabatan Warisan, MPPP

Pemuliharaan Bangunan Warisan

Secara amnya harta tanah warisan adalah tertakluk kepada peraturan yang telah ditetapkan dalam garis panduan. Peraturan bagi pemuliharaan bangunan warisan di George Town adalah seperti berikut:

- a) Sebarang baikpulih/tambahan bangunan hendaklah menggunakan bahan binaan yang serupa dengan yang asal atau mirip bahan asal (contoh: genting teracotta/tanah liat, lepaan kapur, lantai papan dan lain-lain).
- b) Mengekalkan elemen-elemen reka bentuk bangunan asal (contoh:telaga udara, tingkap, pintu, bumbung)
- c) Papan tanda tidak boleh menutup fasad
- d) Ketinggian bangunan/tambahan baru-dibenarkan sehingga maksimum 18meter (diukur dari aras tanah hingga ke cucur bumbung)
- e) Ketinggian maksimum bangunan baru atau tambahan yang terletak berjiran/bersempadan bangunan warisan sedia ada yang kurang dari18 meter ketinggian, hendaklah tidak melebihi ketinggian bangunan warisan tersebut.

Insentif Bangunan Warisan

Insentif bagi bangunan warisan pula adalah seperti di bawah:

- a) Pemprosesan pelan secara fast track
- b) Pembatalan garisan pelebaran jalan
- c) Pembatalan garisan pelebaran lorong belakang sekiranya lorong sedia ada adalah mencukupi
- d) *Adaptive re-use*
- e) Insentif peruntukkan tempat letak kereta
- f) Geran penyelenggaraan
- g) Pengecualian dari lain-lain pembayaran yang berkaitan

Contoh pemuliharaan bangunan yang telah dilakukan



Gambar tahun 2004



Gambar tahun 2013

Keterangan : Kategori 2 , Jenis ‘Sino-Malay Palladian Style. Terletak di kawasan Teras (core zone) No. 23, Love Lane



Gambar tahun 2004

Gambar tahun 2013

Keterangan : Kategori 2, Jenis 'Neo-Classical'. Terletak di kawasan Teras (core zone) No. 26, Lebuh Pantai

Analisa Kajian Dan Penemuan

Analisa dijalankan ke atas 23 kes penilaian harta tanah warisan yang dijalankan oleh Jabatan Penilaian dan Perkhidmatan Harta George Town. Melalui analisa data yang telah dijalankan ini akan menjawab kepada objektif kajian.

Data penilaian yang dikaji adalah bangunan warisan yang terletak di tapak warisan dunia dan juga bangunan warisan yang terletak di luar tapak warisan dunia.

i) Perkara yang dipertimbangkan dan diambil kira dalam membuat pelarasan.

Faktor yang di pertimbangkan adalah seperti berikut:

Bil	Faktor yang di pertimbangkan	Keterangan
1	Masa	<p>Pelarasan diberikan sekiranya transaksi lot perbandingan yang digunakan melebihi setahun dari lot subjek.</p> <p><u>Ulasan:</u></p> <p>Kajian oleh Henry Butcher Malaysia (Penang) Sdn Bhd melalui laporannya terhadap pasaran harta tanah di Pulau Pinang Q4 2012 menyatakan di dalam laporannya bahawa permintaan harta tanah warisan terutama di dalam tapak</p>

		warisan dunia mempunyai permintaan yang tinggi.																											
2	Lokasi	Peratus pelarasan diberikan berdasarkan kepada lokasi lot perbandingan. Sama ada dalam core zone, buffer zone ataupun out zone daripada tapak warisan dunia																											
3	Saiz (luas tanah)	<p>Semakan mendapati majoriti kes penilaian membuat pelarasan terhadap faktor saiz. Ini kerana lot-lot perbandingan mempunyai keluasan yang berbeza dengan harta dinilai</p> <p>Saiz menjadi faktor utama dalam penilaian, antara kes</p> <p>Kes No.1:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Luas tanah lot dinilai</td> <td colspan="4">103.212 mp VS</td> </tr> <tr> <td>Lot Perbandingan</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td>Saiz</td> <td>71mp -15%</td> <td>70mp -15%</td> <td>149 mp +10%</td> <td>71mp -10%</td> </tr> </table> <p>Kes No. 2</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Luas tanah lot dinilai</td> <td colspan="3">169.728 mp VS</td> </tr> <tr> <td>Lot Perbandingan</td> <td>1</td> <td>2</td> <td>3</td> </tr> <tr> <td>Saiz</td> <td>299mp +10%</td> <td>174mp +5%</td> <td>289mp +10%</td> </tr> </table>	Luas tanah lot dinilai	103.212 mp VS				Lot Perbandingan	1	2	3	4	Saiz	71mp -15%	70mp -15%	149 mp +10%	71mp -10%	Luas tanah lot dinilai	169.728 mp VS			Lot Perbandingan	1	2	3	Saiz	299mp +10%	174mp +5%	289mp +10%
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Lot Perbandingan	1	2	3																										
Saiz	299mp +10%	174mp +5%	289mp +10%																										
4	Keadaan bangunan	<p>Faktor ini adalah subjektif. Keterangan yang diberikan bagi keadaan bangunan warisan biasanya adalah <i>fair</i> atau pun <i>good condition</i> sahaja.</p> <p>Terdapat juga bangunan warisan yang telah diubahsuai/dipulihara dilakukan terhadap lot subjek ataupun lot perbandingan. Contohnya:</p> <p>Sample 1. Lot dinilai adalah <i>fair/poor condition</i>. Dan semakan dengan pelarasan diberikan adalah seperti di bawah:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 25%;">Lot Perbandingan</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> <tr> <td>Keterangan bangunan</td> <td>1 unit renovated Foreign</td> <td>1 unit, <i>good design</i></td> <td>1 unit <i>good design, renovated unit</i></td> <td>3 unit <i>fair condition</i></td> </tr> <tr> <td>Keadaan bangunan</td> <td>-20%</td> <td>-20%</td> <td>-20%</td> <td>-15%</td> </tr> </table>	Lot Perbandingan	1	2	3	4	Keterangan bangunan	1 unit renovated Foreign	1 unit, <i>good design</i>	1 unit <i>good design, renovated unit</i>	3 unit <i>fair condition</i>	Keadaan bangunan	-20%	-20%	-20%	-15%												
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Keterangan bangunan	1 unit renovated Foreign	1 unit, <i>good design</i>	1 unit <i>good design, renovated unit</i>	3 unit <i>fair condition</i>																									
Keadaan bangunan	-20%	-20%	-20%	-15%																									

Sample 2. Lot subjek in poor condition

Lot Perbandingan	1	2	3	4
Keadaan bangunan	0%	0%	<i>Fair good</i> -15%	<i>Fair good</i> -5%

Ulasan:

Bangunan warisan di Pulau Pinang, adalah terikat dengan Garis Panduan Pemuliharaan Bangunan Warisan. Oleh itu, bagi kes yang melibatkan kos ubahsuai/pemuliharaan, perlu mengambilkira garis panduan yang berkuat kuasa .

Peraturan bagi pemuliharaan bangunan warisan di Pulau Pinang adalah seperti berikut:

- Sebarang baik pulih / tambahan bangunan hendaklah menggunakan bahan binaan yang serupa dengan yang asal atau mirip bahan asal (contoh: genting teracotta/tanah liat, lepaan kapur, lantai papan dan lain-lain).
- Mengekalkan elemen-elemen reka bentuk bangunan asal (contoh:telaga udara, tingkap, pintu, bumbung)
- Papan tanda tidak boleh menutup fasad
- Ketinggian bangunan/tambahan baru-dibenarkan sehingga maksimum 18 meter (diukur dari aras tanah hingga ke cucur bumbung)
- Ketinggian maksimum bangunan baru atau tambahan yang terletak berjiran/bersempadan bangunan warisan sedia ada yang kurang dari 18 meter ketinggian, hendaklah tidak melebihi ketinggian bangunan warisan tersebut.
- Garis panduan ini juga selari dengan Garis Panduan Pemuliharaan Bangunan Warisan oleh Jabatan Warisan Negara 2012. Garis panduan ini juga menetapkan 4 konsep utama iaitu keaslian bahan binaan, Keaslian reka bentuk, keaslian kerja binaan/pertukangan dan keaslian tataletak

		<p>Kos ubahsuai bangunan adalah agak sukar untuk ditentukan.</p> <p>Dicadangkan kajian kos bagi kos pemuliharaan ini dilakukan agar pelarasan yang lebih tepat dapat dilakukan.</p>
5	Senibina warisan	<p>Terdapat juga kes penilaian yang mempertimbangkan faktor ini. .</p> <p><u>Ulasan:</u></p> <p>Gaya senibina bangunan warisan di George Town menggambarkan evolusi dalam pembinaan bangunan dan kematangan dalam aspek ekonomi dan sosial.</p>
6	Kategori Bangunan warisan (perundangan)	<p>Faktor ini dipertimbangkan sekiranya lot perbandingan adalah bangunan bukan warisan. Pelarasan yang diberikan adalah di antara -10% atau -20%.</p> <p><u>Ulasan:</u></p> <p>Ini menunjukkan bahawa nilai harta tanah warisan adalah lebih rendah berbanding dengan harta tanah bukan warisan.</p> <p>Keadaan ini tidak selari dengan kajian yang telah dijalankan oleh Roslan et al (2007) yang menunjukkan warisan menambah nilai harta tanah dan menyokong dakwaan bahawa pemuliharaan warisan boleh menjana impak yang signifikan dan positif ke atas nilai harta tanah di negeri Pulau Pulang. Kajian ini dilakukan sebelum George Town mendapat pengiktirafan Tapak Warisan Dunia.</p>
7	<i>Without individual title</i>	<p>Faktor ini dipertimbangkan kerana terdapat pindahmilik bagi 1 lot subjek tetapi di atasnya terdapat 2 atau lebih bangunan.</p>
8	Perancangan	<p>Faktor ini dipertimbangkan bergantung kepada jenis perancangan bagi lot subjek. Sekiranya di atas lot adalah terdapat bangunan warisan maka pertimbangan ke atas sekatan terhadap pembangunan juga turut di pertimbangkan kerana dengan adanya bangunan warisan di atas lot menjadikan halangan dalam pembangunan yang lebih optimum ke atas tanah memandangkan bangunan tersebut tidak boleh di robohkan.</p> <p><u>Ulasan:</u></p>

		<p>Melihat kepada pembangunan di George Town, terdapat beberapa pembangunan <i>high rise</i> yang dibangunkan di atas lot seperti ini @ terdapat bangunan warisan dan masih mengekalkan bangunan warisannya bangunan warisan tersebut tidak menjadi halangan untuk pembangunan tanah tersebut. Contoh projek pembangunan adalah seperti berikut:</p> <p>Gurney Paragon Metropole Hotel (sebelumnya dikenali sebagai Asdang House) Projek Mah Sing Group Berhad dikenali sebagai ICON Residence Projek SP Setia dikenali sebagai V- Residences</p> <p>Selain itu, insentif bagi bangunan warisan juga boleh mempengaruhi faktor ini iaitu:</p> <ul style="list-style-type: none"> • Pemprosesan pelan secara fast track • Pembatalan garisan pelebaran jalan • Pembatalan garisan pelebaran lorong belakang sekiranya lorong sedia ada adalah mencukupi • <i>Adaptive re-use</i> • Insentif peruntukkan tempat letak kereta • Geran penyelenggaraan • Pengecualian dari lain-lain pembayaran yang berkaitan
9	Lain-lain	<p>Kategori guna tanah, syarat nyata, sekatan kepentingan, tempoh pegangan, bentuk lot Tidak di pertimbangkan kerana lot perbandingan mempunyai ciri yang sama dengan lot subjek</p>

ii) Kaedah penilaian

Kesemua data kes penilaian yang dikaji menggunakan kaedah perbandingan iaitu menggunakan analisis nilai seunit berdasarkan luas tanah seperti di bawah:

$$\frac{\text{Balasan / Nilai}}{\text{Luas tanah}} = \text{nilai seunit berdasarkan luas tanah}$$

Lot perbandingan yang digunakan

- Perbandingan yang digunakan adalah bergantung pada data transaksi yang ada.
- Menggunakan lot perbandingan yang melibatkan *fixtures and fitting* dan juga termasuk heritage items
- Terdapat juga lot perbandingan yang digunakan adalah bangunan bukan bangunan warisan, iaitu membandingkan harta tanah warisan VS bukan harta tanah warisan.

Menurut pendapat RICS dinyatakan, dalam mendapatkan perbandingan sekiranya dalam kawasan yang sama tiada transaksi harta tanah warisan, boleh/perlu mendapatkan di luar kawasan. Pelarasan bagi faktor lokasi adalah lebih tepat berbanding memberi pelarasan kepada faktor warisan.

Kesimpulan Dan Cadangan

Daripada literatur dan analisa kajian, di dapati bagi penilaian harta tanah warisan, pertimbangan terhadap senibina dan sejarah bangunan adalah penting. Selain itu, faktor perundangan bagi harta tanah warisan juga perlu diambilkira untuk mengetahui sekatan terhadap harta tanah warisan.

Dalam mempertimbangkan perkara yang perlu diambil kira bagi keadaan bangunan (*condition*) ataupun bangunan yang telah dipulihara, dicadangkan satu kajian berkaitan kos pemuliharaan bangunan warisan dijalankan agar pelarasan bagi faktor ini dapat ditentukan dengan betul. Ini kerana pemuliharaan bangunan warisan adalah berbeza dengan bangunan bukan warisan.

Menurut Lilawati, Ghafar, Badaruddin (2008), kos konservasi bangunan warisan adalah bergantung kepada struktur dan bahan binaan bangunan tersebut. Konservasi bangunan warisan adalah tinggi kerana ia bukan sahaja membawa maksud pembaikpulihan struktur lama sebaliknya ianya lebih menjurus kepada pengekalan kesan bahan binaan lama dan nilai sejarah.

Menurutnya lagi, kos yang perlu dikeluarkan bagi sesebuah projek pemuliharaan bangunan bersejarah selalunya adalah amat tinggi. Semakin tua umur sesebuah bangunan, semakin tinggi nilai bangunan tersebut.

Kaedah perbandingan merupakan kaedah utama dalam menjalankan penilaian harta tanah warisan. Kawasan George Town mempunyai banyak bukti perbandingan harta tanah warisan kerana pasaran yang aktif. Elemen penting yang perlu dititik beratkan adalah pemilihan perbandingan yang betul. Berdasarkan pendapat, perbandingan bagi harta warisan perlulah dalam kawasan yang sama, mempunyai ciri senibina yang sama dan nilai sejarah yang sama.

Secara amnya, kaedah penilaian yang standard boleh diaplikasikan dalam menentukan nilai pasaran harta tanah warisan. Walau bagaimanapun bagi harta tanah warisan yang spesifik seperti muzium, bangunan bersejarah yang lain bagi maksud *public benefit*, kaedah penilaian yang lebih spesifik diperlukan. Contohnya penilaian Bangunan Warisan seperti Gereja St George yang terletak di Lebuhraya Farquhar, Bangunan Mahkamah Tinggi Pulau Pinang, Bangunan Dewan Bandaraya Kuala Lumpur dan Maktab Melayu Kuala Kangsar (MCKK).

Daripada literatur, terdapat pelbagai kaedah penilaian yang boleh dipraktikkan, bergantung kepada maksud dan jenis harta tanah warisan tersebut dan aplikasi kaedah alternatif juga boleh dilaksanakan terhadap harta tanah warisan seperti ini. Oleh itu, satu kajian ke atas aplikasi kaedah alternatif dalam penilaian bangunan warisan yang spesifik atau 'stand alone' di cadangkan untuk kajian seterusnya. Contohnya aplikasi kaedah *Travel Cost Method* dalam penilaian tapak harta tanah warisan seperti Taman Negara Mulu atau aplikasi kaedah *Contingent Valuation Method* dalam penilaian harta tanah warisan.

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BIDANG TUMPUAN UTAMA PEMBANGUNAN STRATEGI ZOO : SATU KAJIAN PENANDAARASAN

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ABSTRAK

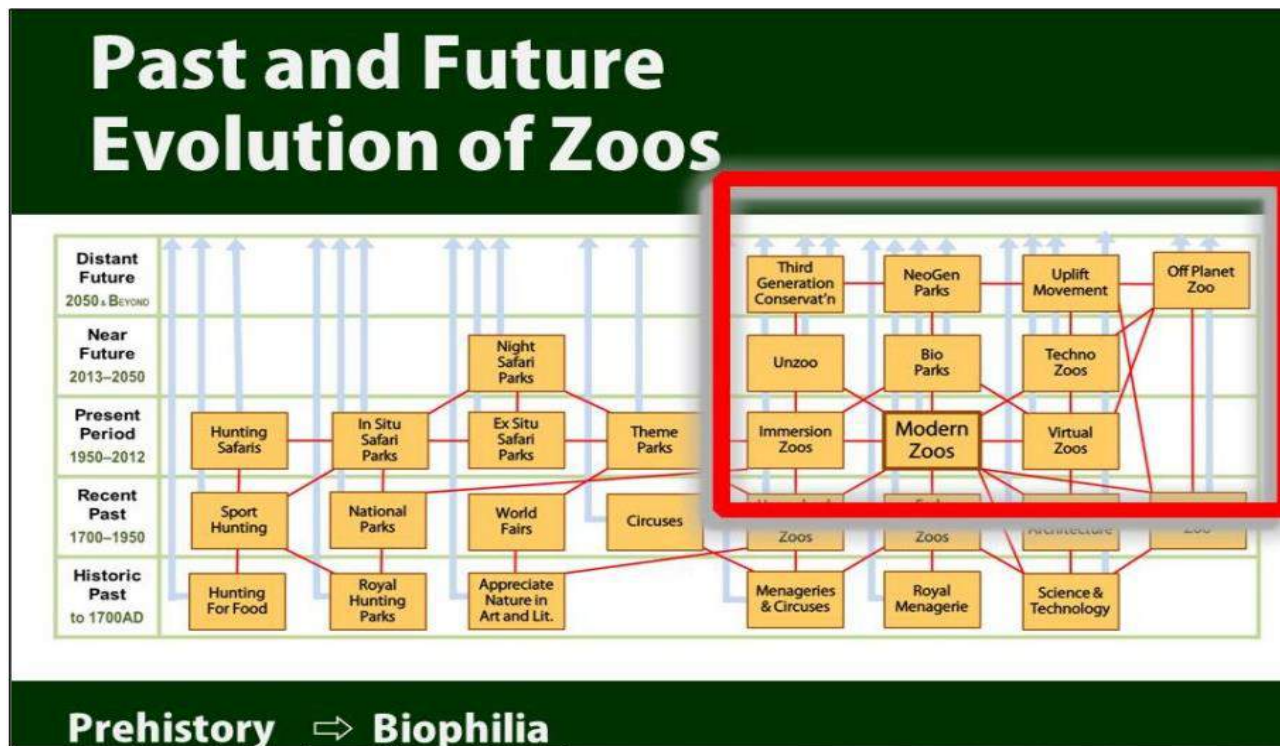
Zoo secara dasarnya ditubuhkan bagi tujuan pameran dan pemuliharaan pelbagai spesies haiwan samada hidupan liar, haiwan ternakan, burung dan akuarium. Namun, seiring dengan peredaran masa, zoo perlu berevolusi ke arah yang lebih dinamik, berdaya saing dan bertaraf dunia agar peranannya lebih signifikan terhadap ekonomi, pendidikan dan kelestarian biodiversiti. Pengurusan sesebuah zoo perlu menggunakan pendekatan strategik yang mampu menjadikan mereka sebuah institusi yang cemerlang dan bertaraf dunia. Artikel ini bertujuan mengenal pasti bidang tumpuan utama dalam membangunkan strategi yang terbaik untuk zoo di Malaysia dalam usaha mencapai tahap zoo bertaraf dunia. Satu kajian kes telah dilakukan ke atas sebuah zoo di Malaysia dengan menggunakan pendekatan penandaarasan amalan terbaik. Kajian penandaarasan ini dijalankan dengan mengenalpasti bidang tumpuan utama dan amalan-amalan yang diguna pakai oleh zoo-zoo terkemuka di Amerika dan Australia. Kajian lapangan turut dijalankan ke atas tiga buah zoo di Thailand. Dapatan kajian menunjukkan bahawa terdapat beberapa bidang tumpuan utama yang perlu diberi penekanan seiring dengan hasrat mencapai prestasi tersebut, seterusnya memberi implikasi praktikal kepada pihak pengurusan zoo untuk membangunkan strategi yang bersesuaian.

Katakunci: strategi, pemuliharaan, kelestarian, daya saing, pengurusan

PENGENALAN

Zoo memainkan peranan penting dalam meningkatkan pemahaman awam tentang hidupan liar dan pemuliharaan habitat hidupan ini. Berdasarkan kajian yang telah dijalankan oleh Association of Zoos and Aquariums (AZA), institusi ini mampu mendidik orang ramai tentang asas ekologi serta menjadikan para pengunjung lebih menghargai hidupan liar serta memberi kesedaran tentang masalah alam sekitar dan melihat diri mereka sebagai sebahagian daripada penyelesaian dalam mengekalkan kesejahteraan fizikal dan psikologi haiwan liar.

EVOLUSI ZOO



Rajah 1: Evolusi Zoo Dahulu dan Masa Akan Datang

Menurut Jon Coe (2012), evolusi zoo berlaku dengan perubahan zoo secara beransur-ansur ke arah berkonsepkan semulajadi di mana manusia dapat mengenali hidupan liar dengan lebih dekat dan hidupan liar dapat bergerak dengan selesa dan tidak merasa terkurung. Perkembangan ini dapat dilihat apabila zoo-zoo di dunia mula memberi tumpuan kepada bidang tumpuan utama seperti pembelajaran bersepadu yang meningkatkan penglibatan orang ramai terutamanya kanak-

kanak dalam pemuliharaan hidupan liar, pendidikan dan penyelidikan yang menggunakan pelbagai teknologi terkini serta amalan terbaik ke arah kelestarian alam semulajadi dan biodiversiti hutan.



Rajah 2: Evolusi Zoo

KONSEP SEBUAH ZOO BERTARAF DUNIA

Menurut Hutchins dan Smith (2003) kriteria-kriteria yang perlu ada pada sebuah zoo bertaraf dunia merangkumi struktur organisasi dan falsafah, pengambilan kakitangan dan latihan, penjagaan haiwan dan penternakan, penyelidikan, pemuliharaan, pendidikan dan reka bentuk pameran. Mereka turut menekankan kepentingan mengadakan kerjasama antara institusi,

keupayaan teknologi, hal ehwal kerajaan, pemasaran dan pembangunan, serta perhubungan awam. Jadual 1 merumuskan ciri-ciri sebuah zoo bertaraf dunia berdasarkan penerangan Hutchins dan Smith (2003).

Jadual 1: Ciri-ciri Sebuah Zoo Bertaraf Dunia

BIL.	CIRI-CIRI	KETERANGAN
1.	Organisasi, struktur dan falsafah	<ul style="list-style-type: none"> • Mempunyai struktur organisasi dan pembahagian tugas yang jelas • Mempunyai kepimpinan yang mampu mengurus dengan baik termasuk dalam pengurusan kakitangan seperti merekrut staf yang berkebolehan, memindahkan staf yang tidak produktif. • Organisasi yang mempunyai kakitangan yang cekap dan mampu membuat keputusan dengan cepat • Organisasi yang mampu mengambil risiko dan kurang bergantung kepada pembiayaan kerajaan dan perubahan politik. • Mempunyai Misi dan Misi yang jelas
2.	Pengambilan kakitangan dan latihan	<ul style="list-style-type: none"> • Membuat pengambilan staf yang berkeelayakan dan mengikut bidang kepakaran (kemahiran, pengetahuan, menghargai haiwan dan alam sekitar) • Menyesuaikan keperluan latihan dengan keterangan kerja, termasuk pendidikan berterusan penawaran dan peluang latihan formal
3.	Penyelidikan, pemuliharaan dan pendidikan	<ul style="list-style-type: none"> • Menjalankan program penyelidikan secara formal • Menggunakan pendidik profesional untuk membangunkan program pemuliharaan pendidikan yang berkesan yang bukan sahaja menghiburkan dan memberitahu pelawat tetapi juga memaksa mereka untuk mengambil tindakan dalam pemuliharaan. • Menilai keberkesanan program-program pemuliharaan pendidikan dengan kuantitatif mengukur kesannya terhadap tingkah laku pelawat, sikap dan pengetahuan • Membangunkan hubungan kerjasama dengan tempatan rendah dan menengah sekolah, kolej dan universiti untuk membantu mengintegrasikan pendidikan pemuliharaan ke dalam kurikulum kursus. • Mengeksport kepakaran pemuliharaan pelajaran ke negara-negara lain, membantu untuk melatih pendidik dan menyediakan bahan-bahan pendidikan • Menyebarkan mesej yang berkaitan dan maklumat menggunakan pelbagai strategi persembahan, termasuk kuliah, paparan komputer interaktif, pembelajaran permainan, filem, teater, muzik dan seni
4.	Penjagaan haiwan, penternakan dan reka bentuk pameran	<ul style="list-style-type: none"> • Memiliki pengurusan pengetahuan berkenaan kelakuan haiwan, pemeliharaan/penternakan, dan penyimpanan rekod. • Zoo atau akuarium bertaraf dunia akan memastikan keperluan fizikal dan psikologi semua haiwan dalam koleksi mereka dipenuhi mengatasi keperluan asas atau melebihi standard. • Mempunyai infrastruktur dan prasarana yang menyerupai alam semula jadi serta terjaga rapi.
5.	Keupayaan teknologi	<ul style="list-style-type: none"> • Menggunakan teknologi komunikasi dalam menyebarkan maklumat untuk pendidikan • Menggunakan teknologi dalam menguruskan perniagaan, pengurusan zoo dan penyelidikan
6.	Perhubungan awam	<ul style="list-style-type: none"> • Meningkatkan perhubungan pihak berkepentingan • Meningkatkan nilai kemudahan hospitaliti dengan teliti dan rapi

7.	Hal ehwal kerajaan	<ul style="list-style-type: none"> • Menerima aduan dan menyelesaikan isu dengan berkesan seperti mengadakan dialog tentang isu yang timbul. • Menggunakan kuasa politik kolektif untuk mempengaruhi undang-undang menangani inisiatif pemuliharaan dan isu-isu lain yang penting kepada profesion zoologi • Melobi melalui zoo dan persatuan akuarium dan organisasi global serantau untuk memberi kesan kepada perubahan perundangan. • Membangunkan hubungan kerja yang kukuh dengan tempatan, negeri dan persekutuan, pegawai-pegawai kerajaan dan pertubuhan lain yang mempunyai matlamat yang sama.
8.	Kerjasama antara institusi	<ul style="list-style-type: none"> • Menganggotai persatuan-persatuan yang berkenaan serta mengadakan jaringan antarabangsa dan kolaborasi untuk berkongsi maklumat dan sumber. • Mengambil bahagian sepenuhnya dalam program pembiakan koperasi serantau dan rancangan koleksi serantau yang direka untuk mengekalkan genetik yang pelbagai, demografi stabil, populasi tawanan yang berdaya maju dalam jumlah ruang yang ada
9.	Pemasaran dan pembangunan	<ul style="list-style-type: none"> • Menerima pengiktirafan/anugerah daripada badan-badan yang berkaitan • Melaksanakan pemasaran dan pembangunan strategi yang kukuh dan inovatif yang menyediakan asas kewangan yang kukuh bagi institusi di samping membantu untuk menyokong pendidikan, matlamat saintifik dan pemuliharaan • Membangunkan perkongsian yang kukuh dengan perniagaan tempatan dan syarikat-syarikat dan memastikan masyarakat setempat menyokong objektif mereka. Mereka juga akan menyediakan kemudahan awam yang sangat baik dan pengalaman yang menyebabkan lawatan berulang dan meningkat • Memahami jangkaan tanggapan penonton zoo dan menilai kepuasan pengunjung tawaran yang disediakan perlu cukup menarik untuk bersaing dengan lain-lain bentuk rekreasi berorientasikan keluarga seperti television, panggung wayang, muzium, taman hiburan dan pusat membeli-belah

PENGURUSAN STRATEGIK ZOO BERTARAF DUNIA

Pengurusan Strategik membentuk garis panduan jangka panjang yang penting di dalam menyeimbangkan semua perspektif utama seperti kewangan, pelanggan, proses dalaman dan pengurusan sumber manusia selari dengan tujuan kewujudan (*raison d'etre*) sesebuah organisasi (Kaplan, 2001). Bagi memastikan perjalanan menuju masa depan yang sukar untuk ditentukan keseimbangannya berjalan dengan baik, satu perancangan yang sistematik dan teliti yang selari dengan misi dan visi organisasi perlu dibangunkan bagi membentuk strategi untuk menang dan menguruskan perlaksanaannya dengan baik. Dalam masa yang sama, keperluan pelanggan dan keupayaan organisasi perlu diselaraskan bagi membentuk nilai yang lebih bermakna kepada semua yang terlibat. Proses ini harus bermula dari peringkat tertinggi organisasi dan diselami hasratnya oleh semua entiti yang wujud di dalamnya.

Sebagaimana organisasi lain, zoo juga perlu melaksanakan pengurusan strategik agar ia menjadi sebuah intitusi yang cemerlang, efisien dan berdaya saing. Tambahan pula, kewujudan pelbagai bentuk hiburan dan perkembangan teknologi yang pesat memberi kesan signifikan kepada zoo agar berdaya saing bagi menjamin zoo kekal relevan mengikut arus perubahan semasa. Dalam konteks zoo bertaraf dunia, bidang tumpuan yang merangkumi ciri-ciri zoo bertaraf dunia berpandukan Hutchins dan Smith (2003) perlu dijadikan panduan dalam merangka strategi yang berkaitan.

Zoo NM

Zoo NM adalah salah sebuah zoo yang utama di Malaysia. Zoo ini telah lama beroperasi dan mempunyai pelbagai spesies hidupan liar yang menarik dan unik. Namun begitu, untuk menarik orang ramai untuk berkunjung ke Zoo NM kini menjadi semakin mencabar berikutan terdapat pelbagai jenis pusat rekreasi lain termasuklah taman tema yang menggunakan haiwan sebagai daya penarik di negara ini. Perkembangan teknologi komunikasi yang pesat membolehkan maklumat dapat diperolehi dengan begitu mudah dan pantas membolehkan orang ramai membuat perbandingan dan memilih mengikut selera masing-masing. Sehubungan itu, dalam memastikan misi dan visi utama terlaksana, Zoo NM perlu menjadi lebih kreatif dan berinovasi dalam menyediakan tawaran dan perkhidmatan yang moden dan bertaraf dunia. Kajian ini bertujuan untuk mengenalpasti bidang tumpuan sesebuah zoo, dan strategi yang dilakukan bagi menjadikannya sebuah zoo bertaraf dunia. Aspek-aspek keupayaan, pencapaian dan sumber-sumber yang relevan bagi menyokong lonjakan-lonjakan untuk mencapai matlamat tersebut dinilai dan dibandingkan dengan panduan yang dinyatakan oleh Hutchins dan Smith (2003) berkaitan ciri-ciri zoo bertaraf dunia. Kajian ini memberi implikasi penting kerana pembangunan strategi kearah mencapai matlamat zoo bertaraf dunia dapat diterjemahkan kepada sasaran-sasaran yang lebih tepat, sekaligus menyokong kejayaan matlamat tersebut.

METODOLOGI

Kajian penandaarasan adalah perlu bagi menyeimbangkan di antara keberkesanan strategi dan kecekapan operasi. Penandaarasan merupakan alat pengurusan yang sistematik yang telah membantu banyak organisasi menguruskan lonjakan pencapaian ke tahap yang lebih baik dari sudut produk, perkhidmatan, amalan-amalan dan juga pencapaian secara berpilih mahupun secara keseluruhan (Catibog-Sinha, 2008). Kajian ini telah mengadaptasi falsafah ini bagi menanda aras zoo-zoo di dunia yang sedia ada untuk mengenal pasti amalan-amalan terbaik secara lebih spesifik di dalam bidang pengurusan, pemuliharaan, pendidikan, dan program rekreasi.

Maklumat dan data untuk kajian ini diperoleh melalui kaedah kualitatif dan pengumpulan data sekunder. Pada peringkat permulaan tumpuan kajian adalah terhadap carian maklumat sekunder melalui literatur dan temubual berstruktur di dalam membantu memahami fundamental kepada operasi dan evolusi sesebuah zoo. Pengetahuan ini kemudiannya digunapakai bagi membentuk instrumen bagi mendapatkan maklumat penting melalui kajian lapangan di tiga buah zoo di negara jiran iaitu Thailand. Aktiviti Penandaarasan untuk kajian ini menggunakan tiga (3) pendekatan iaitu ulasan pakar dan temubual untuk menggarap perspektif berkaitan dengan pembangunan, perkembangan dan halatuju zoo dan zoologi. Manakala, pemerhatian pula digunapakai bagi membuat perbandingan di antara zoo-zoo di Thailand iaitu Safari World , Zoo Dusit dan Zoo Khao Kheow.

Kajian-kajian yang lalu telah membuktikan bahawa untuk menjadi sebuah organisasi yang berjaya dan mampu menyediakan perkhidmatan yang cemerlang memerlukan perancangan yang strategik dan bidang tumpuan yang jelas. Kajian ini mendapati kebanyakan zoo yang terkemuka mempunyai strategi dan bidang tumpuan utama yang jelas serta didokumentasikan dengan baik. Namun begitu, tidak semua zoo bersedia untuk memaparkan dan berkongsi dalam bentuk yang mudah diakses oleh pihak umum. Maklumat yang digunakan untuk membuat perbandingan dalam kajian ini diperoleh daripada zoo-zoo berikut:

i. Zoo Rosamond Gifford

vi. Zoo Toronto

- | | |
|------------------------|------------------------|
| ii. Zoo Minnesota | vii. Zoo Oregon |
| iii. Zoo Woodland Park | viii. Zoo Philadelphia |
| iv. Zoo Atlanta | ix. Zoo Toronga |
| v. Zoo Perth | x. Zoos Victoria |

Zoo-zoo berkenaan terpilih sebagai sampel kajian kerana setelah pencarian maklumat dan penelitian dokumen dibuat, didapati maklumat yang diperoleh untuk sepuluh buah zoo ini agak lengkap dan boleh digunakan untuk memenuhi keperluan kajian.

DAPATAN KAJIAN

Pemilihan bidang tumpuan untuk pelan strategi setiap organisasi dibuat berdasarkan misi dan visi serta mengambil kira pelbagai faktor seperti persekitaran ekonomi, modal insan dan sebagainya yang dijangka menyumbang kepada kekuatan dan kelemahan sesebuah organisasi. Jadual 2 menunjukkan bilangan bidang tumpuan yang diberi keutamaan oleh zoo-zoo yang dikaji berada di antara 5 hingga 9 bidang.

Jadual 2: Bilangan Bidang Tumpuan Utama (BTU) 10 Zoo Mengikut Negara

Bilangan BTU	Nama Zoo	Negara
5	Oregon Zoo	Amerika
	Philadelphia Zoo	Amerika
	Zoo Atlanta	Amerika
6-7	Rosamond Gifford Zoo	Amerika
	Minnesota Zoo	Amerika
	Woodland Park Zoo	Amerika
	Toronto Zoo	Kanada
8-9	Tarongga Zoo	Australia
	Zoos Victoria	Australia
	Perth Zoo	Australia

Didapati zoo-zoo yang bertempat di sekitar Amerika mempunyai bilangan bidang tumpuan yang lebih kecil berbanding zoo-zoo di sekitar Australia. Sebagai contoh Zoo Oregon yang merupakan di antara tarikan utama di Portland hanya memberi tumpuan kepada lima (5) bidang keberhasilan utama iaitu Kelestarian Kewangan, Amalan Terbaik (*Strategic Best Practice*), Persekitaran Fizikal, Pendidikan dan Penyelidikan, serta Pemuliharaan. Manakala Zoo Perth di Australia

memberi penekanan kepada Sembilan (9) bidang tumpuan utama iaitu Penjagaan Haiwan, Kepuasan Pelanggan, Kolaborasi, Inovasi dan Kreativiti, Integriti, Amalan Terbaik, Kelestarian, Pembelajaran Bersepadu serta Pendidikan dan Penyelidikan.

Jadual 3 menunjukkan perbandingan bidang tumpuan 10 buah zoo di dunia yang ditemui dalam pelan strategik masing-masing. Hasil penelitian menunjukkan setiap zoo mempunyai pilihan bidang tumpuan utama yang tersendiri. Berdasarkan Jadual 3, didapati hampir kesemua zoo memberi tumpuan kepada Penjagaan Haiwan dan Kepuasan Pelanggan dengan peratusan sebanyak 90 peratus.

Jadual 3: Perbandingan Bidang Keberhasilan Utama Sepuluh Buah Zoo Terkemuka Di Dunia

BIL	Bidang Tumpuan Utama	Rosamond Gifford Zoo	Minnesota Zoo	Woodland Park Zoo	Zoo Atlanta	Perth Zoo	Toronto Zoo	Oregon Zoo	Philadelphia Zoo	Toronga Zoo	Zoos Victoria	Peratus
1	Penjagaan Haiwan	1	2	2	1	1	1		1	1	2	90
2	Kepuasan Pelanggan	2	6	1	5	2	2		3		3	90
3	Impak Pemuliharaan		3	3	3		3	1	2	2	1	80
4	Pengukuhan Organisasi/ <i>Exceeding Standard</i>	4		6		6		4	4	7	8	70
8	Pembelajaran Bersepadu		4	5		8	7			5	4	60
5	Kelestarian kewangan		7					5	5	3	7	50
6	Modal insan Mahir dan Bersedia	5				5	6			6	6	50
7	Persekitaran fizikal/ inovasi/ kreativiti		1			4	4	3				40
9	Pendidikan & Penyelidikan			4	2	9		2				40
10	Jaringan/ Kolaborasi					3	5				5	30
11	Kelestarian	3	5			7						30
12	Diversiti	6			4							20
Jumlah Bidang Tumpuan Utama		6	7	6	5	9	7	5	5	7	8	
Kedudukan dalam senarai pelan strategi zoo berkenaan		1	2	3	4	5	6	7	8	9		

Hanya Zoo Oregon yang tidak menyenaraikan dua (2) kriteria ini sebagai salah satu daripada bidang tumpuan utama dalam pelan strategiknya. Hal ini tidak menghairan kerana pada tahun 2007 Zoo Oregon telah berjaya menarik 1.5 juta pelawat daripada persekitaran yang mempunyai

1.3 juta pasaran, malah sejak 5 tahun sebelum itu lagi Zoo Oregon telah pun dikunjungi oleh sekurang-kurangnya 1.3 juta pelawat. Ini menunjukkan zoo ini telah mencapai standard yang tinggi untuk kedua-dua bidang tumpuan tersebut. Rajah 3 menunjukkan zoo ini telah menerima kunjungan yang melebihi populasi dan boleh dikatakan mencapai tahap yang stabil untuk bidang tumpuan pertama dan kedua daripada dua belas bidang tumpuan utama yang disenaraikan.



Rajah 3: Peratusan Kehadiran Pelawat ke Zoo di Barat Laut Amerika

Zoo Oregon lebih memberi tumpuan kepada usaha-usaha untuk memperkasakan peranannya sebagai sebagai pusat konservasi hidupan liar dengan meletakkan Pendidikan dan Penyelidikan serta Impak Pemuliharaan sebagai bidang tumpuan yang paling utama (Oregon Zoo, 2008).

Selain daripada Penjagaan Haiwan dan Kepuasan Pelanggan, bidang tumpuan utama yang banyak diberi perhatian (80 peratus) ialah Impak Pemuliharaan. Kebanyakan zoo yang mencapai standard yang tinggi dalam Penjagaan Haiwan akan turut memberikan tumpuan kepada Impak Pemuliharaan yang bertujuan meningkatkan kesedaran serta memberi peluang kepada pelbagai pihak termasuk orang ramai untuk turut serta dan konsisten dalam menjalankan aktiviti-aktiviti pemuliharaan. Kajian ini mendapati Zoo Victoria dan Zoo Oregon menjadikan Impak Pemuliharaan sebagai bidang tumpuan pertama yang perlu diberi perhatian. Manakala Zoo Philadelphia dan Zoo Taronga meletakkan kriteria ini sebagai bidang tumpuan yang kedua. Zoo Minnesota, Zoo Toronto, Zoo Woodland dan Zoo Atlanta pula menjadikan Impak Pemuliharaan sebagai bidang tumpuan utama yang ketiga. Kebanyakan zoo (70 peratus) turut memberi tumpuan kepada Pengukuhan Organisasi, dimana bidang tumpuan ini bertujuan meningkatkan

kecekapan dan keberkesanan fungsi zoo secara menyeluruh dengan mencapai standard terutamanya dari segi kualiti penawaran dan perkhidmatan.

Bidang tumpuan utama seterusnya ialah Pembelajaran Bersepadu (60 peratus) yang memfokuskan kepada perkongsian ilmu dan meningkatkan pemahaman yang lebih mendalam kepada orang ramai tentang misi dan visi zoo berkenaan. Kelestarian Kewangan (50 peratus) adalah bidang tumpuan yang sangat penting bagi memastikan kelestarian sesebuah zoo. Namun tidak semua zoo memilih kriteria ini. Lima (5) buah zoo yang menjadikan Kelestarian Kewangan sebagai bidang tumpuan utama ialah Zoo Toronga, Zoo Oregon, Zoo Philadelphia, Zoo Minnesota dan Zoo Victoria. Walaupun zoo-zoo ini adalah diantara zoo yang mencatatkan bilangan pelawat yang tinggi, mereka masih meletakkan Kelestarian Kewangan sebagai perkara penting yang perlu diberikan perhatian. Kecekapan Tenaga Kerja menjadi pilihan kepada sebahagian daripada zoo-zoo yang dikaji (50 peratus).

Walaupun bidang tumpuan ini amat diperlukan untuk memastikan kelancaran dan kejayaan operasi sesebuah zoo terdapat lima (5) buah zoo yang tidak menjadikannya sebagai bidang tumpuan utama. Zoo-zoo berkenaan ialah Zoo Minnesota, Zoo Woodland, Zoo Atlanta, Zoo Oregon dan Zoo Philadelphia. Ini mungkin kerana mereka telah pun mencapai standard yang tinggi dari sudut Kecekapan Tenaga Kerja atau modal insan. Didapati zoo-zoo ini lebih menumpukan perhatian kepada bidang-bidang yang melibatkan penggunaan dan perkongsian kepakaran seperti Impak Pemuliharaan, Pendidikan dan Penyelidikan, Kelestarian dan Diversiti. Secara tidak langsung ini menunjukkan keyakinan zoo-zoo ini terhadap kemampuan mereka dalam menyediakan tenaga kerja yang mencukupi, kompeten dan berintegriti.

Jadual 4 menunjukkan lima (5) kriteria yang kurang menjadi pilihan (<50 peratus) yang mewujudkan keunikan dalam pemilihan bidang tumpuan utama. Kriteria-kriteria ini ialah Persekitaran Fizikal, Pendidikan dan Penyelidikan, Kolaborasi, Kelestarian dan Diversiti. Walaupun kurang menjadi pilihan, ini tidak bererti kriteria-kriteria ini kurang penting kerana pemilihan bidang tumpuan utama dipengaruhi oleh keperluan, kehendak dan kemampuan sesebuah zoo dalam melaksanakan strategi-strategi untuk bidang tumpuan utama yang ingin

diberi perhatian. Sebagai contoh Zoo Oregon dan Zoo Minnesota yang terletak di kawasan bandar. Oleh kerana keadaan kawasan yang terhad, Persekitaran Fizikal sangat perlu diberi perhatian untuk memastikan keselamatan dan keselesaan hidupan liar di samping menambahbaik kemudahan sedia untuk memenuhi keperluan dan pengunjung yang kian bertambah. Zoo-zoo ini perlu menjadi lebih inovatif dan kreatif dalam merekabentuk kandang dan landskap zoo agar dapat mengoptimumkan penggunaan kawasan disamping meningkatkan daya tarikan zoo.

Jadual 4: Kriteria Yang Kurang Menjadi Pilihan (<50 peratus)

Zoo	Persekitaran Fizikal	Pendidikan & Penyelidikan	Kolaborasi	Kelestarian	Diversiti				
Rosamond Gifford				3	6				
Minnesota	1			5					
Woodland Park		4							
Atlanta		2			4				
Perth	4	9	3	7					
Toronto	4		5						
Oregon	3	2							
Philadelphia									
Toronga									
Victoria			5						
Peratus	40	40	30	30	20				
Kedudukan dalam senarai pelan strategi zoo berkenaan	1	2	3	4	5	6	7	8	9

Bidang tumpuan utama lain seperti Kolaborasi menjadi pilihan bagi zoo-zoo yang ingin meluaskan perkongsian sumber seperti kepakaran, teknologi, maklumat dan hidupan liar. Manakala bidang Pendidikan dan Penyelidikan, Kelestarian dan Diversiti menjadi pilihan zoo yang berkemampuan dari segi kepakaran tenaga kerja, kewangan yang stabil, rekabentuk dan keluasan zoo yang menyokong pembangunan dan pertumbuhan bidang-bidang tumpuan utama ini.

KRITERIA YANG DIGUNA PAKAI DI ZOO NM

Kajian dijalankan ke atas Zoo NM mendapati zoo ini mempunyai kebanyakan kriteria sebuah zoo bertaraf dunia yang digariskan oleh Hutchins dan Smith (2003) namun pada tahap-tahap yang tertentu yang masih memerlukan penambahbaikan. Didapati Zoo NM mempunyai struktur organisasi dan falsafah penubuhan yang jelas. Misi dan Visi Zoo NM telah dinyatakan dengan jelas untuk menjadi salah satu taman zoologi dan akuarium perdana di dunia khusus untuk pemuliharaan, rekreasi, pendidikan, latihan dan penyelidikan pelbagai haiwan dan tumbuhan spesies.

Terdapat aktiviti pemuliharaan, penjagaan haiwan dilaksanakan dengan baik malah terdapat aktiviti penternakan yang berjaya dan mendapat pengiktirafan daripada pihak yang berkenaan. Pihak Zoo NM juga telah menjalankan aktiviti penyelidikan dan pendidikan namun tidak secara formal dan menyeluruh. Masih terdapat banyak kriteria yang perlu diberi perhatian dan ditambahbaik untuk memastikan Zoo NM menjadi sebuah zoo bertaraf dunia. Menurut Hutchins dan Smith (2003), pihak pengurusan perlu menggunakan pendekatan yang lebih menyeluruh untuk semua kriteria berkenaan untuk mencapai misi utama tanpa mengabaikan objektif asal zoo tersebut.

Dapatan kajian daripada bengkel menggunakan mendapati Kumpulan Fokus yang telah dilaksanakan telah menyetujui enam (6) perspektif berikut sebagai landasan ke arah menjadikan Zoo NM sebagai sebuah zoo bertaraf dunia (Jadual 5):

Jadual 5: Strategi bagi Zoo NM

Bil	Bidang Keberhasilan Utama (KRA)	Kedudukan dalam Pilihan Utama Zoo Terkemuka
1	Kelestarian Kewangan	5
2	Kepuasan Pelanggan	2
3	Kebajikan Haiwan	1
4	Jaringan dengan Pihak Berkepentingan	10
5	Persekitaran Fizikal	7
6	Modal Insan Mahir dan Bersedia	6

DAPATAN KAJIAN LAPANGAN PENANDAARASAN

Kajian lapangan telah dijalankan ke atas 3 buah zoo di Thailand mendapati terdapat beberapa perkara yang boleh dijadikan contoh untuk penambahbaikan zoo-zoo di Malaysia. Dalam aspek kelestarian kewangan, didapati zoo-zoo di Thailand mempunyai tarikan yang tersendiri sehingga mencatatkan pengunjung yang ramai tidak kira waktu, dan jumlah kaunter jualan yang banyak turut menumbang kepada pungutan hasil jualan tiket. Pendekatan yang bercirikan konvensional seperti hasil dari sewaan dan pengiklanan dilihat tiada kelainan berbanding zoo yang di negara lain, namun pendekatan yang lebih proaktif dalam meneroka sumber hasil yang baru telah dilaksanakan di Zoo Khao Kheow di mana mereka mempunyai jabatan R&D yang tersendiri bagi meningkatkan usaha menghasilkan baka baru dan boleh dikomersialkan. Zoo NM juga boleh melihat kepada zoo Dusit dan Khao Keow dalam menggiatkan usaha meningkatkan Pembiayaan dan Geran untuk menyokong operasi mereka. Selain daripada itu, aktiviti untuk menyemarakkan acara dan perayaan untuk meningkatkan hasil kewangan turut dipraktikkan di Zoo Khao Kheow.

Dalam aspek pengurusan kepuasan pelanggan, zoo-zoo di Thailand boleh dijadikan contoh dalam meningkatkan hospitaliti di Zoo NM, malah susun atur dan lanskap persekitaran juga dirancang dengan baik. Menyediakan elemen rekreasi yang menarik seperti taman tema untuk keluarga seperti yang dilakukan di Safari World juga boleh dijadikan panduan untuk memenuhi kehendak pengunjung yang terdiri daripada pelbagai kategori usia. Manakala pertunjukan serta pakej bermalam di dalam zoo seperti di Safari World dan Zoo Khao Kheow merupakan pendekatan unik yang boleh dipertimbangkan dalam memenuhi kehendak pengunjung yang inginkan kelainan dan cabaran.

Kebajikan haiwan pula merupakan aspek yang ditonjolkan dengan sangat baik pada zoo-zoo terkemuka yang dilawati. Haiwan dilihat terjaga rapi, sihat dan selesa dalam kandang yang luas disamping rekabentuk kandang yang kreatif dan menyamai habitat asal mereka. Manifestasi kreativiti ini sangat jelas dilihat di Zoo Khao Kheow yang sewajarnya dicontohi oleh Zoo NM dalam menambahbaik aspek penjagaan haiwan. Seterusnya, dalam hal pengurusan pengetahuan

dalam penjagaan haiwan, Zoo Khao Kheow juga mempunyai pusat R&D dan pusat pembiakan sendiri.

Amalan dari segi network, atau rangkaian dengan pihak berkepentingan telah diamalkan di Zoo Khao Kheow. Pihak zoo ini giat menjalankan kolaborasi dengan universiti dan zoo luar dan dalam negara untuk penyelidikan. Mereka juga bekerjasama dengan persatuan teksi untuk memudahkan urusan pengunjung luar melawat ke sana. Hal ini wajar dicontohi oleh Zoo NM kerana menjalinkan rangkaian hubungan yang baik dengan agensi pelancongan dan pengangkutan membuka peluang yang sangat luas untuk menarik lebih ramai pengunjung.

Aspek persekitaran fizikal secara keseluruhan dinilai sangat baik pada zoo-zoo di Thailand, dan Zoo NM perlu menggiatkan usaha agar setanding dengan mereka. Safari World misalnya, mempamerkan persekitaran yang lebih nyaman berbanding zoo-zoo lain, Safari World mempunyai teduhan, kemudahan awam seperti tandas yang bersih serta tempat istirehat yang memberi kemudahan serta membantu pengunjung untuk bergerak dengan selesa di sekitar zoo. Selanjutnya, amalan dari sudut pengurusan sumber manusia mendapati penambahbaikan dalam Zoo NM perlu melihat kepada pengambilan kakitangan yang berkeelayakan dan memantapkan latihan, agar dapat melahirkan staf yang kompeten dalam melaksanakan tugas. Usaha dalam aspek ini dapat diteladani daripada Safari World, Dusit dan Khao Kheow yang ditampilkan melalui staf-staf mereka yang sentiasa memberikan layanan mesra, kompeten dan berkeelayakan.

KESIMPULAN

Penelitian ke atas sepuluh zoo luar negara serta lawatan penandaarasan di tiga buah zoo di Thailand menunjukkan pemilihan bidang tumpuan utama akan berubah berdasarkan tahap pencapaian zoo tersebut. Pemilihan bidang tumpuan-bidang tumpuan ini dilihat selari dengan hasil kerja oleh Jon Coe (2012) yang menunjukkan perubahan zoo secara beransur-ansur ke arah berkonsepkan semulajadi di mana manusia dan hidupan liar dapat bergerak dengan selesa dan tidak berasa terkurung. Kecenderungan ke arah ini dapat dilihat apabila zoo-zoo di dunia mula memberi tumpuan kepada bidang tumpuan utama seperti Pembelajaran Bersepadu, Kesan

Pemuliharaan dan Pendidikan dan Penyelidikan, Kelestarian dan Diversiti. Pihak zoo berusaha untuk mewujudkan persekitaran yang mampu memberi pengalaman yang luar biasa serta mendekatkan para pengunjung zoo dengan hidupan liar. Jesteru, untuk menjadi sebuah zoo bertaraf dunia Zoo NM perlu bergerak seiring dengan perkembangan ini.

PENGHARGAAN

Penghargaan ditujukan kepada Bahagian Pengurusan Biodiversiti dan Perhutanan, Kementerian Kementerian Sumber Asli dan Alam Sekitar (NRE) di atas pembiayaan untuk kajian ini. Penghargaan juga buat semua pegawai-pegawai zoo yang terlibat.

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BUSINESS PROCESS REENGINEERING: IS IT RELEVANT TO THE ISLAMIC BANKS?

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Abstract

The emergence trends and the changing behavior of customers have led to the evolution of the Islamic finance. This has put high pressures for the Islamic banks to be competitive. The focus is no longer on cutting costs alone, but simultaneously improving services to customers. Owing to this fact, most banks have given special attention to the “processes” which able to produce values to the customers. One of the popular management tool, Business Process Reengineering (BPR), has been widely applied particularly in the manufacturing industries towards gaining significant improvement in organizational performances. Nevertheless, there is still lack of thorough empirical evidence of BPR impact on performance in Islamic bank services. It is still unsure whether BPR relevant and meaningful in enhancing the banks performance. Hence, this paper aims to explore the applications of the BPR factors in the Islamic banks and assess the effects towards the bank performance. Survey has been conducted on all banks and financial companies applied Islamic banking in Malaysia. The study received 65.6% feedback and successfully collected to be analyzed. . The overall result shows that the BPR factors and IT capability are able to influence overall performance of Islamic banking in Malaysia. However, for individually, the analysis using multiple regression analysis indicates that only Strategy alignment, Management Commitment, Information Technology (IT) Investment, Process redesign and Less Bureaucratic Structure have significant impact to performance of Islamic banking in Malaysia. The study provides meaningful insight for policy makers, banks practitioners and academicians on the bank performance enhancement.

Keywords: Business Process Reengineering, Malaysian Islamic Banks, Banks Performance

Introduction

The rapid changes in financial markets had demanded market participants to make changes to their operational processes beyond local to global competitiveness. This trend has led many banks in developing countries to improve customer service quality, speed, reduce operating costs, and enhance profitability performance. Hence, special attention has been paid to improve the “business processes” where the targets are to produce valuable outputs to the customers. The focus is no longer on cutting costs alone, but simultaneously changing the thinking of processes that enhance the quality services.

Numerous literatures in BPR implementation have widely recognized its contribution towards improving the business performance (examples Lin et al., 2002; Fadel and Tanniru, 2005; Adbolvand, Albadvi and Ferdowsi, 2008). Nevertheless, BPR has been regarded as costly, time consuming and risky operations. Not many companies able to implement it successfully (Chiplunkar et al., 2003). Due to this risky nature, has motivated this study to explore further the applications of BPR particularly in the Islamic banks.

Hence, the main objective of this study is to explore the application of BPR factors on the organizational performance of Islamic bank in Malaysia. BPR factors have been operationalized by the variables of change management, BPR strategy alignment, customer focus, management commitment, IT investment, and adequate financial resource. Data was collected through a hand-delivery method. A proportionate simple random sampling was used for sample selection. 500 questionnaires have been sent to Islamic banks’ managers. The outcome of this study able to provide important insights to both managers and researchers for further understanding on the BPR factors and its link towards organizational performance of Islamic banks.

Overview of Malaysian Islamic Banks

Islamic banking in Malaysia began in September 1963 when Perbadanan Wang Simpanan Bakal-Bakal Haji (PWSBH) was established. PWSBH was set up as an institution for Muslims to save for their Hajj (pilgrimage to Mecca) expenses. In 1969, PWSBH merged with Pejabat Urusan Haji to form Lembaga Urusan dan Tabung Haji (now known as Lembaga Tabung Haji).

The first Islamic bank in Malaysia was established in 1983. In 1993, commercial banks, merchant banks and finance companies were allowed to offer Islamic banking products and

services under the Islamic Banking Scheme (IBS). These institutions however, are required to separate the funds and activities of Islamic banking transactions from that of the conventional banking business to ensure that there would not be any co-mingling of funds. In the early implementation period of Islamic banking in Malaysia, the performance was lower than conventional banks (Saiful Azhar and Mohd Afandi, 2003). Nevertheless, the industry has progressively growing from year to year (Al Nasser and Jorah (2013; Wasiuzzaman and Gunasegavann, 2013). The development of banking industry that is based on *shariah* principle in Malaysia is supported by the government of Malaysia and contributed by the aspiration to develop a strong Islamic banking in the region (Dusuki and Abdullah, 2007).

Today, Malaysia has successful in implementing a dual banking system and able to obtain a full-fledged Islamic banking system operating side by side with the conventional banking system. It has been the Government's aspiration to develop the country as the capital or hub of Islamic banking worldwide (Suffian, 2007). After the liberalisation of the Malaysian Islamic banking sector in 2004, the number of full-fledged Islamic banks has increased from two institutions in 2004 to 20 institutions in 2013. In contrast, there are 27 conventional banks in Malaysia in 2013 as compared to 29 in 2004. The reduction in the number of conventional banks is mainly due to merger and acquisition exercises of several banking institutions within the observation period (Muhamad Azhari Wahid, 2017). Under The Economic Transformation Programs (ETP), the Malaysian Government and Bank Negara Malaysia (BNM) predicted that the Islamic banking sectors would achieve more than 40% of growth towards 2020 ("Islamic Banking To", 2014). Recognizing the importance to the country, Islamic banks are expected to be flexible, being fast in taking action, and maintaining low production.

Business Process Reengineering

In a volatile global world, organizations enhance competitive advantage through Business Process Reengineering (BPR) by radically reengineering whole processes. BPR gained immense and unexpected popularity due to the early articles of Hammer (1990) and Davenport (1993). BPR implies transformed processes that together form a component of a larger system aimed at enabling organizations to empower themselves with contemporary technologies, business solutions and innovations. According to Ntaliani et al. (2010), as the primary aim of BPR is to improve the business processes, improvement could be achieved by innovation of business processes or by the improvement of existing business process. If the business

process is relatively stable, and incremental (enhanced) changes should be introduced, priority is given in applying the business process improvement. Meanwhile, for a huge business process that needs to be redesigned in an understandable way, re-engineering of business processes is more suitable (Bakotić, and Krnić (2016)). The choice between these two options depends on the company's business strategy. Huang et al., (2015) claims that business process reengineering improves employee performance, creates a new working environment, and support the need for building new and better employee work habits. This is in line with indicated by Al-Mashari and Zairi (1999) have analyzed business process reengineering related to personnel cost and discovered that business process reengineering increases personnel costs by around 30-50% of excellence, which should ensure a focal point for the accumulation of business process management knowledge. Hence, those points highlighted above showed the significant contribution of BPR is not only to ensure adequate resources, but also to achieve the worker's optimal engagement and commitment. The abilities to acquire, develop and transfer new knowledge, to improve creative thinking, and to adopt business behavior are critical factors for the improvement of the business processes, particularly in the service sectors.

The BPR concept has been introduced in Malaysia in the 1990s and gained popularity when Malaysia's famous Vision 2020 was revealed by former Prime Minister, Tun Dr. Mahathir Mohammad in the year 1994. Malaysian government has successfully implemented many reengineering projects such as MyKad - a multipurpose digital application card for all citizens over the age of 12, Public Services Network (PSN) – an online network application system that enables user to make payment or renewal of various Government agencies' services at the Post Offices and E-Government (began in 1997 with the launch of the Multimedia Super Corridor's (MSC) E-Government Flagship Application) for the sake of the public and the country by changing the way government interacts with citizens and businesses through new ways of the government's operation.

Business Process Reengineering can be defined as "the analysis and design of workflow and processes within and between organizations" (Hammer and Champy, 1993). BPR has three key target categories:

1. Customer Friendly: To get a competitive edge and that can only be gained by providing the customers more than what the others in the market are asking for.
2. Effectiveness: How effective is the product or service that the business or manufacturing company is providing the customer?

3. Efficiency: How efficient is the company that is manufacturing the product before introducing it to the market to minimize costs? Efficiency is not just about being efficient at the production floor level but also the management level.

BPR is a popular management tool for dealing with rapid technological and business changes. It was introduced by Hammer and Champy (1993), as radical redesigns of processes in order to gain significant improvements in cost, quality, and services. BPR creates changes in people (behaviour and culture), processes and technology (Al-Mashari and Zairi, 2001). It does not seek to alter or fix existing processes, but forces companies to ask whether or not a process is necessary, and then seeks to find a better way to do it. BPR integrates all departments into a complete process that has been designed to fulfil a specific business goal. Hence, successful implementation of BPR enables organizations to achieve dramatic gains in business performance.

BPR helps banks to deal with new economic challenges and change the traditional processes to improve their customers' satisfaction. BPR is a management discipline for analysing and redesigning current business processes and their components in terms of efficiency, effectiveness and added value to the objectives of the business. The conduct of the BPR steps is planned to gather and process business requirements in support of a modernization effort for a defined area. The BPR starts with planning activities that include the creation of a BPR team, the development of a BPR scope document and an examination of the proposal that relates to a given area, examines the existing and future business process and improves it accordingly.

Objectives

Based on the above discussion, the study interested to address the following objectives:

- 1) To explore the application of BPR factors in the Islamic banks in Malaysia.
- 2) To determine the effect of BPR factors on the organizational performance of Islamic banks in Malaysia.

Methodology

This study focused on descriptive and causal research (hypothesis testing). Descriptive research would be undertaken to identify the implementation level of BPR attributes by Islamic banks. The research framework is as shown in figure 1.

Research framework

Independent Variable

Dependent Variable

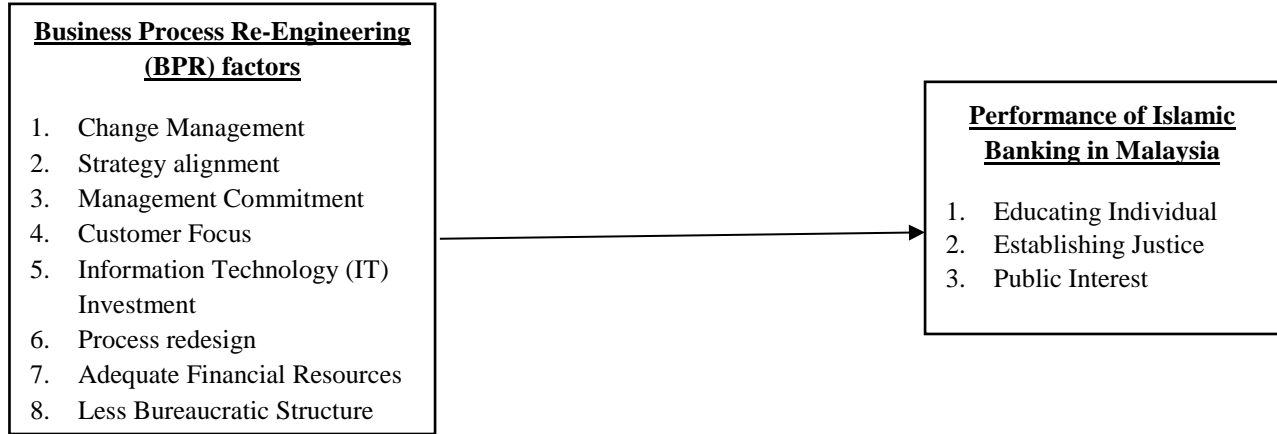


Figure 1: Research framework

The study used the organization as the unit of analysis. Organizations are being chosen as a unit of analysis because this study focuses to measure the organizational performance (Sekaran and Bougie, 2013). The population of the study is the Islamic banks Headquarters (HQs) in Malaysia. A total population of sixteen (16) organizations are participating in the Islamic banking scheme (Islamic full-pledge and Islamic window of conventional bank) registered with the Bank Negara Malaysia. In this study, four (4) questionnaires were distributed for every banks. Concurrent with previous researchers’ views (for instance Sung, and Gibson, 1998; Cheng and Chiu, 2008; Ringim, Razalli, and Hasnan 2012; Ringim, Osman, Hasnan, and Razalli 2013), they suggested that a study should select multiple respondents in an organization in order to avoid bias and balanced the perspective of BPR variables. In addition, the concern with negative or positive feeling on the study’s issues can be minimized (Cheng and Chiu, 2008). Hence 64 questionnaires were distribute to all Islamic banks HQs. The target respondents are those who in the position of top managerial level which seem to be knowledgeable on the issues addressed and able to represent their organization. The respondents selected also have a vast experience and understanding on BPR (Cheng and Chiu; 2008).

The table 1 below summarized the research design employed in this study.

Table 1: Research Design

Population of Interest	All banks and financial companies applied Islamic banking in Malaysia
Respondent	Top management to represent organization
Sampling Technique	Probability Sampling method – Simple random sampling
Unit of Analysis	Organization
Time Horizon	One-shot or cross-sectional study

Results

The study managed to obtain 42 (65.6%) complete questionnaires that provide significant feedback. However, only 35 of questionnaires can be analyzed after the process of data cleaning. Although it seems to be low participation, it able to provide meaningful output as Pallant (2001) claimed that 30 set of questionnaire are acceptable to run the statistical analysis. The results has been categorized into descriptive analysis and correlation analysis

Descriptive Analysis

Frequency analysis was one of the important analyses in research development. Frequency analysis is being conducted to gain the total number of participation in this study with the differences of respondents' values and background. Based on 35 samples that successfully collected by the researcher, researcher can effectively analyze the different demographic between respondents. Demographic information was divided into two categories namely personal information and BPR information. In term of personal information, the gender composition showed that 51.4% were male and 48.6% were female. The composition of gender is shown in Table 2.

Table 2: *Composition of Respondents by Gender*

Gender	Frequency	Percentage (%)
Male	18	51.4
Female	17	48.6

Respondents were asked whether the implementation of BPR can reengineer their operation process. Based on the findings, 100% of the respondents agreed that BPR able to reengineer the Islamic banking operation process. Respondents were also been

addressed on which composition of the Islamic banking organization that need to restructure. The findings show that most of the Islamic banking restructured their operation process in term of Branch operations' (CSO and Teller). This followed by electronic banking services (22.9%), processes related to Islamic financing (11.4%), International Operations (5.7%) and other support services (2.9%). Table 3 shows the composition of the organization restructure.

Table 3: *Composition of the organization restructure.*

	Percent
Branch operations' (CSO and Teller)	57.1
Electronic banking service (ATM, POS)	22.9
Processes related to Islamic financing	11.4
International Operations (L/C, FX, etc.)	5.7
Other support services (FINCON, AUDIT and Legal)	2.9

With regards to the objectives of BPR implementation, the results show that 31.4% of the respondents agreed that BPR able to increase the revenues, meanwhile the lowest percentages (11.4%) received for item "Proactive approach to prepare the organization". The composition of respondents based on objective of BPR is shown in Table 4.

Table 4: *Composition of the Objective of BPR*

BPR Objectives	Percent
Increasing revenues	31.4
Improving the quality of customer service	28.6
Reactive approach to competitive pressure	14.3
Reducing operating cost	14.3
Proactive approach to prepare the organization	11.4

Next, the category of Islamic banking was divided into three categories such as Local Commercial Bank, Foreign Bank, Developmental Finance. Local Commercial Bank presented only 71.4%, while Foreign Bank and Developmental Finance was 14.3%. All the composition of banking category is shown in Table 5.

Table 5: *Composition of Respondents by the category of Islamic banking*

Category of Islamic banking	Percentage (%)
Local Commercial Bank	71.4
Foreign Bank	14.3
Developmental Finance	14.3

Based on the finding on descriptive analysis, the mean for Islamic banking performance was 4.5667 and the standard deviation is 0.34715. While skewness for performance is 0.157 and for kurtosis is -0.187.

BPR factors in this study are comprised of Change Management, Strategy alignment, Management Commitment, Customer Focus, Information Technology (IT) Investment, Process redesign, Adequate Financial Resources and Less Bureaucratic Structure. Hence, in order to understand the application of the BPR factors in the Islamic banking environment, the respondents were asked to rate the six scale dimension ranging from 1 as “strongly disagree” to 6 as “strong agree”. Overall to the respondents gave a moderate views on the BPR factors application with the mean for Change Management, Strategy alignment, Management Commitment, Customer Focus, Information Technology (IT) Investment, Process redesign, Adequate Financial Resources, Less Bureaucratic Structure are 4.6222, 4.7571, 4.7388, 4.6357, 4.6343, 4.5714, 4.6238 and 4.5543 respectively. Meanwhile for standard deviation, the values are 0.38697, 0.51623, 0.49908, 0.45107, 0.43246, 0.36987, 0.33661 and 0.51125. In term of skewness, the highest value for BPR factors is 0.222 (process redesign) while for kurtosis the highest value is 0.402. verall summary for mean, standard deviation, skewness and kurtosis are explained as in Table 6 below.

Table 6: *Summary of Descriptive Analysis*

Items	Mean	Standard Deviation	Skewness	Kurtosis
Dependent variable (DV) Islamic banking performance	4.5667	.34715	.157	-.187

Independent variable (IV) BPR factors				
1. Change Management	4.6222	.38697	.135	-.129
2.Strategy alignment	4.7571	.51623	-.189	-.469
3.Management Commitment	4.7388	.49908	-.143	.402
4.Customer Focus	4.6357	.45107	-.185	-.430
5. IT Investment	4.6343	.43246	-.234	.132
6.Process redesign	4.5714	.36987	.222	-.307
7.Adequate Financial Resources	4.6238	.33661	-.058	-.732
8.Less Bureaucratic Structure	4.5543	.51125	.102	-.483

Pearson's Correlation Analysis

As in the objectives, the study interested to explore the strength and direction of the BPR factors towards the Islamic banking performance. If value of the correlation is 0, it means no correlation, 1.0 means positive correlation and -1.0 means the correlation is negative correlation (Pallant, 2001). Therefore, a hypothesis can be developed as below:

H1: There is positive relationship between BPR factors towards the Islamic banks in Malaysia

Based on the Pearson Correlation Analysis, Table 7 shows the relationship between BPR factors and Islamic bank performance. . All of the procedure is subjected to two-tailed test which were divided into two level; significant ($p < 0.05$), and significant ($p < 0.01$).

Table 7: *Pearson's Correlation between the Constructs (N=35)*

	Islamic baking performance	BPR factors
Islamic banking performance	N/A	
BPR factors	0.532** 0.01	N/A

As portrayed in Table 7, the correlation analysis between BPR factors toward Islamic banking performance in Malaysia shows a positive correlation where $r = 0.532$ for BPR factor and performance. This indicates that BPR factors have a significant correlation

towards the performance, therefore relevant in enhancing the Islamic banks performance in Malaysia.

Multiple Regression Analysis

For a better understanding on the relevancy of BPR in the Islamic banks, multiple regression analysis was conducted. This analysis able to provide information on the BPR factors (IV) influences towards the Islamic banking performance (DV). Hence, to support objectives of the study, a hypothesis can be formulated as below:

H2: The BPR factors have positive relationship towards the performance of Islamic Banks in Malaysia.

The hypothesis above has been tested using multiple regression analysis. The t value should more than 1.645 ($t > 1.645$) and the significant value should less than 0.05 ($p < 0.05$). The result of analysis explained that R Square value was 0.612 or 61.2% of variance. The F value = 5.131 and significant value was 0.001 ($p < 0.05$). The hypothesis H2 was accepted and it means the BPR factors were influence overall performance of Islamic banking in Malaysia.

With regards to the BPR individual factors, Strategy alignment, Management Commitment, Information Technology (IT) Investment, Process redesign and Less Bureaucratic Structure have significant impact to performance of Islamic banking in Malaysia with the values of $\beta = 0.0483, 0.011, 0.005, 0.002$ and 0.002 respectively. Meanwhile the values for $t = 2.078, 2.741, 3.051, 3.402$ and 3.45 indicate that all the positive factors will influence the performance of Islamic banking in Malaysia. Nevertheless, other factors such as Change Management, Customer Focus and Adequate Financial Resources were rejected after the value of $\beta = 0.444, 0.452$ and 0.246 , which seems to have negative impacts on performance. Table 8.below illustrates the summary of the multiple regression analysis.

Table 8: *Multiple Regression Analysis for Hypothesis 3 (N=35)*

BPR factors and Islamic banks Performance	Variables	R²	F	P	(β)	Sig.	t
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Independent Variables Statistic Summary	performance Islamic banks	0.612	5.131	0.001 ^b	0.493	
	1. Change Management			0.166	0.444	0.777
	2. Strategy alignment			0.552	<u>0.048</u>	2.078
	3. Management Commitment			-0.693	<u>0.011</u>	2.741
	4. Customer Focus			-0.114	0.452	-0.764
BPR factors	5. Information Technology (IT) Investment			0.749	<u>0.005</u>	3.051
	6. Process redesign			-0.694	<u>0.002</u>	-3.402
	7. Adequate Financial Resources			0.188	0.246	1.187
	8. Less Bureaucratic Structure			0.588	<u>0.002</u>	3.451

p* < 0.05, p** < 0.01

1.5 Discussion

BPR factors and performance of Islamic banking in Malaysia

The hypothesis H1 and H2 were accepted which proves the significant relationship between BPR toward the performance of Islamic banking. According to Khong and Richardson, (2003); Ahmad, Francis, and Zairi, (2007); Cheng and Chiu, (2008); Ringim, Razalli, and Hasnan, (2011), BPR have a significant relationship with organization performance. It also supported by Setegn, Ensermu, and Moorthy (2013) that the implementation BPR approach in organization will give biggest benefit and achieve the dramatic improvement (Sidikat, and Ayanda, 2008). Hanafizadeh and Osouli (2011) also agreed that most of the researchers indicate that the BPR was the best approach for continuous improvement for organization performance. In term of individually, Strategy alignment, Management Commitment, Information Technology (IT) Investment, Process redesign and Less Bureaucratic Structure have significant impact to performance of Islamic banking in Malaysia

Morrison, Ghose, Dam, Hinge and Hoesch-Klohe (2011) clarify that strategic alignment is a method to understand the relationship between process and strategy. Other than that, strategic alignment is able to convince the organization to look forward for the future. Others researcher such as Cheng and Chiu (2008) found there is no significant relation. It means that, to successful manage Islamic banking, manager of banks should align all the process with BPR project to ensure there is under control.

Al-Mashari and Zairi (1999); Ringim, Razalli, and Hasnan (2012) emphasized that there were significant relationship between management commitment and banking performance. The significant relationship explains that the higher management commitment were increased the banks performance. The significant management commitment was proved based on findings result by Cheng and Chiu (2008); Ringim, Razalli, and Hasnan, (2012). Effective in management commitment toward the management teams of bank will influence the performance and managerial practices directly will affect the organizational success (Guimaraes and Bond, 1996). In other words, the commitment from top management will ensure that all of the employees to doing better and improve the banks performance.

Process redesign also one of the important factor in order to successful manage Islamic banking. Sheehy (1997) viewed the effective process redesign as the ability of finding a new way of adding value to customers. It means that, every redesign should have a direct impact on customer value and cost (Ringim, 2012). It will help bank to improve their performance.

McAdam (2003) suggested that organizations could implement less bureaucracy to encourage innovativeness. It also supported by Hall et al. (1993), and Peppard and Fitzgerald (1997) where, they are suggested ways to achieve successful results in BPR implementation by significantly changing the organization's structure, with emphasis on cross-functional work teams. That the reason this study found the process redesign have significant impact toward performance.

The others factor such as Change Management, Customer Focus and Adequate Financial Resources have insignificant or not influence the performance. Based on previous researchers, Change management includes communication, motivation, empowerment, training, reward, and education in which all of these items do not influence the overall banks performance. According to Ringim, Razalli, and Hasnan (2012), insignificant

relationship between change management and bank performance. Cheng and Chiu (2008); Storey and Westhead (1994) also have been conducted the study to examine the relationship between change management such as training and development to enhance performance. Unfortunately, the result shows that there is no relationship between change management and organizational performance.

In term of customer focus, almost all the previous researchers found that there is a strong relationship with performance of Islamic bank. Nevertheless, this study found customer focus is insignificant influence the performance of Islamic banking. The findings from Ringim, Razalli, and Hasnan (2012), demonstrate that customer focus does not directly influence the overall performance of banks in Malaysian setting. Empirical evidence showed that high level of customer loyalty does not lead to increase profitability (Reinartz and Kumar, 2002).

The last part is Adequate Financial resource where this study found that there is insignificant influence the Islamic banking performance in Malaysia. Refer to the result, it show that, financial resource is not the biggest factors that influence the performance. The insignificant relationship between adequate financial resources and performance relationship might be as a result of the weak inter-correlation values between variables. This could cause an insignificant result in the multiple regressions (Sekaran, 2003).

1.6 Conclusion

The overall result shows that the BPR factors are able to influence overall performance of Islamic banking in Malaysia. The findings indicate that BPR although it has been implemented successfully in other industries, it is relevant and can be implemented in the context of Islamic banks. Majority of the respondents viewed that BPR can be meaningful and gives positive impacts especially in increasing the revenues and improve the customer services. However, for individual BPR factors, through the multiple regression analysis, it shows that only Strategy alignment, Management Commitment, Information Technology (IT) Investment, Process redesign and Less Bureaucratic Structure have significant impact to performance of Islamic banking in Malaysia. Based on the study empirical, it is suggested that more focuses should be given on the BPR factors in order to enhance the banking performance. Henceforth, it is hopes that this study able to provide assistance to other potential future researchers to extend and explore exhaustively of this topic area.

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THE EFFECTS OF ORGANIZATION CHARACTERISTICS TOWARDS INNOVATION IN CONSTRUCTION INDUSTRY

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ABSTRACT

Construction industry needs to be dynamic in order to keep pace with the changes that the world is constantly facing. The use of innovative construction technologies particularly in the heavy construction industry is expected to enhance the contractor's ability in producing cost-competitive, resource-efficient, and price-stable projects. Diverse abilities, capitals and organizational cultures are required to foster innovation orientation and adoption. The Malaysian construction industry is apparently one of the imperative sectors of the economy, however, the rate of adopting innovative products and processes are relatively low. The dilemma facing construction companies when introducing new construction technologies is identifying those factors that substantially influence the rate of implementation, adoption and diffusion. Many companies have the attempt to implement innovation, nevertheless different innovation orientation necessitates the use of various strategies, skills and resources and there would be many possible reasons to the failure for the innovation implementation. Furthermore, the relationship between the characteristics and innovation orientation of construction companies is relatively unexplored. Hence, this paper aims to discuss the effects of organization characteristics of the constructions companies namely the industry fragmentation, companies location and size towards the construction innovation. A study has been conducted on 703 contractors that registered as G7 contractor with Malaysian Construction Industrial Board (CIDB). The study found out that the industry fragmentation, location and size have some influence yet very small on the construction companies innovation implementation and adoption behavior. The results suggest that increasing the rate of implementation and adoption may be enhanced to a greater degree by other factors such as increasing external cooperation, perceived environmental uncertainties and competitive rivalry attributes. The findings contribute significant insight on both theoretical development and practical implications on the issue of the innovativeness in Malaysian construction industry, with particular reference to the heavy construction sector.

Keywords: innovation, construction, organization characteristics, Malaysia

1.0 INTRODUCTION

The construction industry represents one of the largest and most important sectors of the Malaysia economy development. Unfortunately, construction engineering also represents one of Malaysia most tradition-bound, risk-averse industries. One of the crucial strategies that can increase the construction industry's competitiveness and productivity is to implement and adopt proven innovative technologies (Marcel, 2011). The construction industry needs to be dynamic in order to keep pace with the changes that the world is constantly facing. In addition to responding to the pressing social, economic and technological challenges, the needs and demands of clients will keep changing which required the companies to search for a better and effective technological construction materials and methods that will improved the way the built environment is designed, built and maintained. Therefore, the deployment of innovative construction technologies are expected to increase from time to time as the market responds to the increased scarcity of high technologies components produced from large diameter and higher quality technologies that has traditionally been obtained (Oliva, 2011). The innovation in integration of engineering, design and construction, can simplify the construction process and decrease cost (Budiawan & Sidwell, 2004). With regards to the positive improvements from the innovation, many companies have the attempt to implement innovation. Nevertheless, different innovation orientation necessitates the use of various strategies, skills and resources and there would be many possible reasons to the failure for the innovation implementation. There will always be a challenge for the construction companies to identify those factors that substantially influence the rate of implementation, adoption and diffusion. Companies can apply various innovations, however, some strategies may not encourage for further innovation (Ernawati, Nor Aini & Mohammad, 2016). Hence, this paper aims to investigate the effects of organization characteristics of the constructions companies namely the industry fragmentation, companies location and size towards the construction innovation.

According to Aouad, Ozorhon and Abbott (2010), it is a need for studies to explore and understand the mechanism that drive innovation in construction. Through the implementation and adoption of innovative products and processes, it is claimed that the construction industry would benefit via increased productivity. Furthermore, the prospective users would benefit by way of increased affordability and improved quality (Goldberg *et al.*, 1989; Oster, Sharon & Quigley, 1977; Spall, 1971). Nonetheless, the construction technologies have little market information for the construction industry to develop strategic plans to enhance the adoption and diffusion of their construction technologies. The market analyses of the construction industry performed by companies and academics alike are typically based on one-dimensional econometric models that generate ambiguous information and evaluations that are counterintuitive (Rosenberg *et al.*, 1990). Therefore, understanding how the innovation can be directed successfully especially in the construction industry is highly imperative.

2.0 LITERATURE REVIEW

2.1 Innovation in Construction Industry

According to Freeman (1974), Layton (1977), Rogers (1983), and Kuczmarki (2006) innovation may be defined as the first use or adoption of the new idea. An implied feature of innovation is that it must be useful (Anthony, 2011). This distinguishes an innovation from an invention, especially in a business sense, it is desired that an innovation contribute to the company's performance in some way. Another way of classifying innovations is based on the focus of the innovative effort on the production output or the means of production. Process innovations are advances in technology that enable a greater output per unit of input; these generally involve new production methods or new machinery. Contrasted with process innovation are product innovations which result in qualitatively superior output, these bring new products into the market (Rosenberg, 1982; Tatum, 1984; Anthony, 2011). In addition, a third type has been added to product and process innovations by some investigators to account for the improvement of support activities to manage the company or its projects such as planning, scheduling, organization, quality control, information systems, etc. This is called service innovation and some researchers call it management innovation (Stata, 1989; Anthony 2011).

In literature, it is difficult to capture all of the factors that contribute to construction companies' innovativeness with regard to the adoption of construction technologies in Malaysia due to the difficulties and insufficient support on available local support. Similar to the majority of innovation adoption models developed in the innovation and diffusion literature, the model of construction companies' innovativeness in this study is based in large measure on Rogers' (1995) innovations adoption process, Shook's (1997) companies' innovativeness, Andrew's (2005) promoting innovation, Ghassan's (2011) facilitating innovation, Bhattacharyya's (2011) Innovation for competitive excellence, Hardie's (2011) factors influencing technical innovation, and Anthony's (2011) determinants of successful organizational innovation. However, this research focuses on innovation implementation and adoption as a process that occurs over time.

2.2 Industry Fragmentation

Industry fragmentation is critically viewed as the level of company integration, within a particular industrial sector. Currently, very little research exists specifically evaluating the influence of industry fragmentation in regard to companies' innovativeness (John, 2011). Furthermore, most of the researches that examined the relationship between industry fragmentation and companies' innovativeness have been concentrated within highly fragmented industries such as construction industry. The production in construction is typically not performed by a single integrated company. In general contractor relies heavily on specialized subcontractors and other professionals in the production of the final product (Goldberg & Shepard, 1989). It is not uncommon for a main contractor to hire individual companies that specialize in foundation, masonry concrete, carpentry, structural steel, mechanical, electrical, etc. on a single project. In many circumstances, the main contractor may act only as the financing and/or management agent of the entire construction project. As a result of this fragmented industry structure, construction companies tend to group by the stage of production, each group

tends to operate as a separate industry segment of the construction sector (Goldberg & Shepard, 1989; Ventre, 1979; Brochner, 2008).

Industry fragmentation is also believed as a barrier to the adoption of innovative products for two primary reasons (John, 2011). First, increasing fragmentation within an industry is believed to lead to discontinuities in the transfer of information concerning the installation, use, and maintenance of particular process innovations. For example, subcontractors in the construction industry are commonly cited as a weak link in the transfer of innovation information since they are often isolated from the assessment of final needs. Additionally, subcontractors frequently fail to transmit critical process information to other intermediate producers of structures (Goldberg & Shepard, 1989; NAHB Research Center 1991; Poitras, Andre & Duff, 1988; John, 2011). Second, it is hypothesised that companies specialising in particular processes are unlikely to implement and adopt system improvements that involve larger subcomponents or that integrate processes from other trades (NAHB Research Center, 1991).

Two forms of fragmentation can exist within any industry; namely, vertical fragmentation and horizontal fragmentation.

i. Vertical Fragmentation

There is an overwhelming dependence of construction companies on subcontracted plant and machineries, equipment, labor, materials etc. The dependence with companies creates a vertically fragmented industry structure that tends to complicate the hierarchical flow of communications. As a result, a construction company is likely to experience discontinuities in the flow of information, specifically in information that would tend to indicate that the company should explore specific process improvements (Brochner, 2008).

ii. Horizontal Fragmentation

Due to specialization by trade in the construction industry, companies often experience discontinuities in their communication with one another. As a result, many companies fail to coordinate their respective tasks on a project (Friedman, 1989b; NAHB Research Center, 1991). Companies in the industry tend to maintain restrictive rules pertaining to their particular responsibilities on a project, which is partly an outgrowth of union and open shop rules that dominate the commercial and industrial construction industries (Northrup, 1984). A direct result of these conditions is horizontal fragmentation within the construction industry lead to the tendency among tradesmen to resist those innovations that could change and/or consolidate their work allocations and methods. It is speculated that horizontal fragmentation in the construction industry hinders a systems approach to innovation, as well as limits both the scope and the benefit of all the innovations that could be adopted (Friedman, 1989b; NAHB Research Center, 1991; John, 2011). Goldberg & Shepard (1989) claimed that those contractors who are more horizontally integrated will exhibit the greatest amount of innovative activity.. Given Goldberg & Shepard's (1989) findings on the significant negative effect of horizontal

fragmentation on innovation within the construction industry, the hypothesis is formulated as follow:

H1: Industry fragmentation is negatively associated with construction companies' innovativeness with respect to construction technologies implementation and adoption.

2.3 Operation Location

The character of the environment that a company operates within is speculated to affect the company's innovative behavior (Hardie, 2011). Specifically, a distance-decay effect exists between the business operation location and innovation, whereby increasing distance from concentrated population centers tends to have a negative effect on companies' innovativeness. Harty (2005) has pointed out the need to consider the organizational location in context in of innovation adoption. Borje (2006) finds that construction companies located in urban settings are able to interact with a greater number of competitors, suppliers, designers, and other actors in the construction industry than companies located in rural settings. The literature on a distance-decay effect relationship between companies' operation location and innovative behavior is sparse. Phillips, Lakhani & George (1984) and Borje (2006) utilize a rural-urban dummy variable in a regression model that is used to predict the percent of manufacturers' work that is produced in metric units. Within the context of their study, their results do not support a significant distance-decay relationship as it relates to innovation adoption. Rees, John, Briggs, & Oakey (1984) find that companies located in the medium-sized metropolitan locations are found to exhibit the greatest level of innovative behavior, followed by companies located in urban and rural areas. To determine whether a significant distance-decay relationship exists between construction company location and innovation, the following hypothesis is posited:

H2: The degree of urbanization of the company's primary operating location is positively associated with construction companies' innovativeness with respect to construction technologies.

2.4 Company Size

In the diffusion of innovations, company size has been the most powerful predictor of new technology adoption (Keefe, 1991; Rogers, 1995; Hardie, 2011). In fact, the positive association between company size and innovation adoption is so pervasive within the literature (Rogers, 1995). The diffusion of innovations literature suggests that larger companies are more likely to adopt innovations in respect to small companies due to greater technical expertise of their employees, larger scale, more efficient organisational structure, slack resources, and their differential ability to endure risk (Damanpour, 1987 & 1991; Dewar & Dutton, 1986; Ettl, 1983; Latreille, 1992; Teece, 1987; Manley, 2006). The economics and industrial organisation literature is in general agreement that if there are economies of scale involved, innovation adoption will appear more profitable to a large company since the cost of learning how to utilize the innovation will be spread over a greater number of output units (NAHB Research Center,

1991; Porter, 1980; Scherer, 1980; Spall, 1971; Teece, 1987). As a result, large scale economies can potentially result in a faster return on initial investment costs relative to small scale economies. Therefore, other factors being held constant, it is claimed that learning costs are less likely to make an innovation unprofitable when the adopting company is large, and the larger company will be more likely to recover initial innovation investment costs than a small company. Given the empirical evidence, it is argued that the association between company size and innovativeness of construction companies is not monotonic; namely, company size is positively associated with innovation implementation and adoption up to a point, increases in company size after this point result in a decrease in companies' innovativeness. Formally stated, it is hypothesised that:

H3: The innovativeness of companies with respect to construction technologies implementation and adoption in the construction industry is positively affected by the company size.

3.0 RESEARCH METHODOLOGY

A mail survey has been conducted among the construction companies in Malaysia. A total of 703 questionnaire surveys were mailed to randomly selected contraction companies that operating in Malaysia and registered as G7 contractor with CIDB. The number of returned usable surveys totaled 383, yielding an effective response rate of 45.52%. This response rate of approximately 54.48% was significantly greater than other recent survey where the mail survey respond rate in Malaysia is approximately 25% (Ismail and King, 2007).

4.0 RESULTS

Survey responses are relying on voluntary participation, and there is always the possibility that respondents and non-respondents differ in some significant manner (Matteson *et al.*, 1984). Therefore, the difficulty associated with the identification on non-respondent's characteristics in anonymous researches is counterpart by an alternative test of non-response bias test. Non-respondents were assumed to have similar characteristics to late respondents (Armstrong & Overton, 1977). However, the initial and follow-up mailings were gathered within the very close timing difference of only one month, and have exceeded the samples size requirements of 281, therefore, it can be concluded that no issues of non-response bias affected the generalizability of the findings of this study and no non-response bias test was required.

4.1 Profile of the Respondents

The descriptive statistics in this section are divided into four sections. The responding companies are demographically profiled in this section. The respondents were companies registered with CIDB as G7 contractors. The questionnaires were addressed to the organization leaders of company randomly selected from the list of contractors G7 registered with CIDB. Therefore,

accurate insights of the companies' innovativeness could be gathered in more reflective way based on their level of position in the companies. The level of position and companies categories of registration is shown in Figure 1. The majority of the respondents were senior management with record of 53.50%, followed by senior executive with record of 34.20% and executive with record of 10.40%. It is a very good indication that the responses are accurate as the person in this level of managerial post has contributing to a total of 98.2% and they would be in the best position to know and affect the companies' needs in innovation, With regards to the companies' category of registration, 35.50% of the respondents were registered for all categories of construction, which included building construction, civil engineering construction and mechanical & electrical construction. Meanwhile, the smallest proportion was only 3.1%, from registered as mechanical & electrical contractor only.

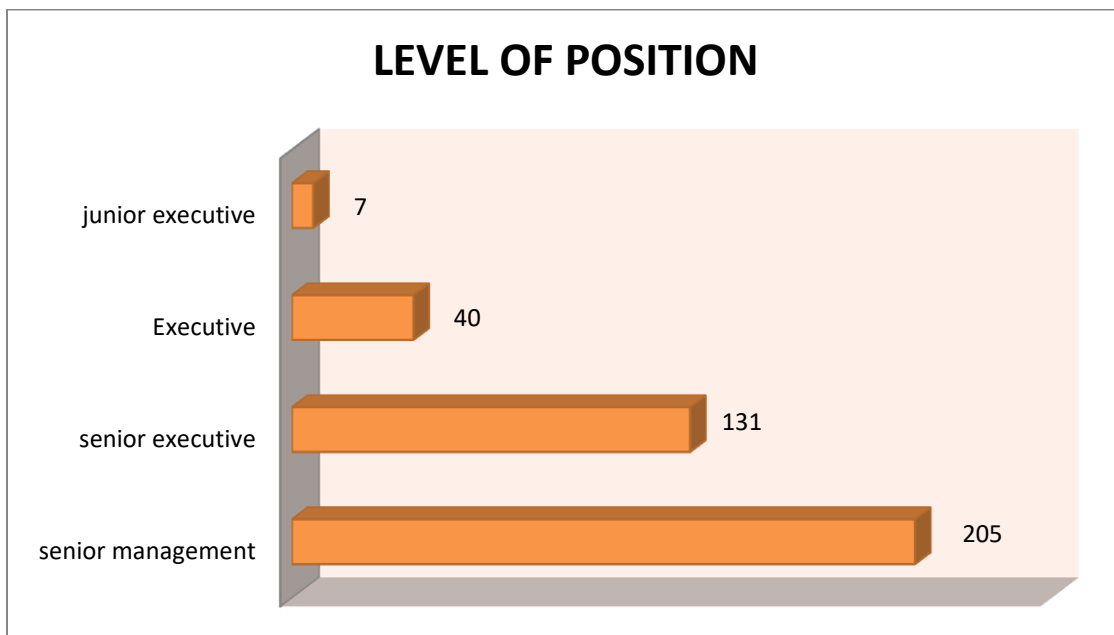


Figure 1: Level of Position

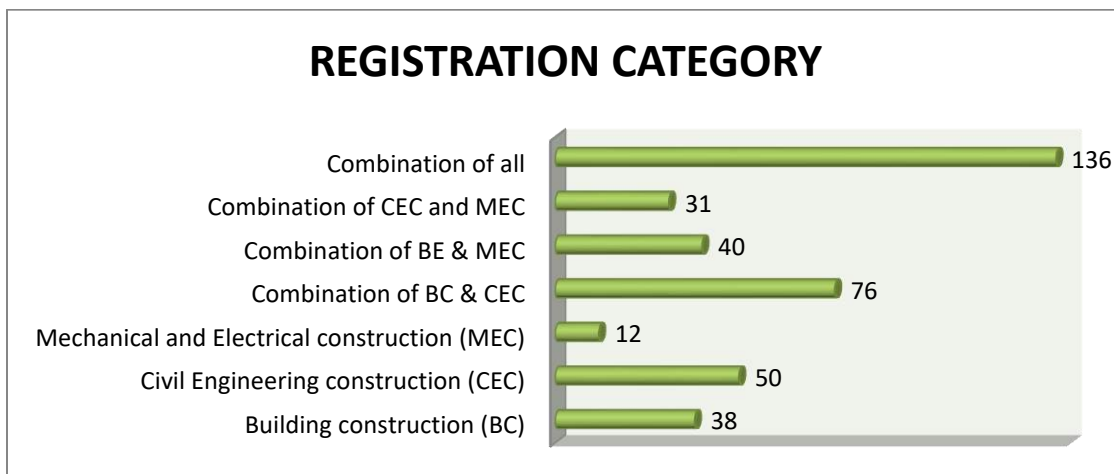


Figure 2: Registration Category

4.2 Descriptive Analysis

In the descriptive analysis, the minimum and maximum value, means, range, standard deviation and variance for the interval-scaled variables were derived. Descriptive statistics for the final list of variables of the study are shown in Table 1 and the scale measurements used is a seven point Likert scale.

Table 1: *Descriptive analysis of industrial fragmentation, operation location, company size, and innovation implementation*

Variables	Mean	Std. Deviation
Industrial Fragmentation 1	4.05	1.489
Industrial Fragmentation 2	4.69	1.524
Industrial Fragmentation 3	4.85	1.403
Industrial Fragmentation 4	4.68	1.568
Operation Location 1	5.08	1.441
Operation Location 2	4.95	1.430
Firm Size 1	4.61	1.482
Firm Size 2	4.56	1.581
Firm Size 3	4.60	1.542
Innovation implementation 1	4.83	1.338
Innovation implementation 2	4.86	1.369
Innovation implementation 3	5.12	1.302
Innovation implementation4	4.88	1.308

4.3 Correlation Analysis

Cohen (1988) suggested that if r score is above 0.50 the correlation between the two variables are considered largely correlated. 3 group of variables are strongly correlated above 0.70 i.e. OL and IF (0.732), CS and OL (0.719) and CS and IF (0.685), While other group of variables are very weak correlated with all other variables i.e. ranging between 0.240 and 0.271.

Table 2: *Pearson's Correlation between the variables*

	CI	IF	OL	CS
Construction Innovation (CI)	1			
Industrial Fragmentation (IF)	.240**	1		
Organization Location (OL)	.273**	.732**	1	
Company Size (CS)	.271**	.685**	.719**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed)

4.4 Multiple Regression Analysis

In order to answer the research question, which addressed the relationship between the various determinants of firms' innovativeness in technological innovation implementation and adoption, linear regression analyses were conducted. In light of the results of the regression analysis, some amendments have to be made, if it is not supported by the statement of hypotheses stated earlier. The hypotheses tested in this study are as follow:

H1: Industry fragmentation is negatively associated with construction firms' innovativeness with respect to construction technologies implementation and adoption.

Based on the 383 firms, the following results were recorded. Table 3 shows the result which indicates the two variables are positively associated; $R^2 = 0.058$, $Adj. R^2 = 0.055$ and $F = 23.080$, $p < 0.01$. This means 5.8% of the variance increase in the degree of technological innovation implementation and adoption was explained by the industrial fragmentation. Approximately 5.8% of the variance of the construction technologies innovation implementation and adoption is accounted for by its linear relationship with the industrial fragmentation in the regression equation for predicting the construction technology implementation and adoption.

Table 3: *Results of regression analysis for industrial fragmentation*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.240 ^a	.058	.055	4.47690

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	462.589	1	462.589	23.080	.000 ^a
	Residual	7536.035	376	20.043		
	Total	7998.624	377			

a. Predictors: (Constant), IF

b. Dependent Variable: CFI

Therefore, hypothesis is not supported.

Therefore, hypothesis is not supported and the regressing is written as follow;

$$CFI = 15.505 + 0.229X + e \quad \dots\text{Formulae 4.5}$$

H2: The degree of urbanisation of the firm's primary operating location is positively associated with construction firms' innovativeness with respect to construction technologies.

Based on the 383 firms, the following results were recorded. Table 4 shows the result which indicates the two variables are positively associated; $R^2 = 0.075$, $\text{Adj. } R^2 = 0.072$ and $F = 30.338$, $p < 0.01$. This means 7.5% of the variance increase in the firms' innovativeness was explained by the degree of urbanisation of the firm's primary operating location. Approximately 7.5% of the variance of the construction technologies innovation implementation and adoption is accounted for by its linear relationship with the urbanisation of the firm's primary operating location in the regression equation for predicting the firms' innovativeness.

Table 4: Results of regression analysis for operation location

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.273 ^a	.075	.072	4.43922		
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	14.905	.902		16.522	.000
	OL	.480	.087	.273	5.508	.000

a. Dependent Variable: CFI

Therefore, hypothesis is supported and the regressing is written as follow;

$$CFI = 14.905 + 0.480X + e \quad \dots\text{Formulae 4.6}$$

H3: The innovativeness of firms with respect to construction technologies implementation and adoption in the construction industry is positively affected by the firm size.

Based on the 383 firms, the following results were recorded. Table 5 shows the result which indicates the two variables are positively associated; $R^2 = 0.073$, $\text{Adj. } R^2 = 0.071$ and $F = 29.957$, $p < 0.01$. This means 7.3% of the variance increase in the innovativeness of firms was explained by the firm size. Approximately 7.3% of the variance of the construction technologies innovation implementation and adoption is accounted for by its linear relationship with the firm size in the regression equation for predicting the firms' innovativeness.

Therefore, hypothesis is supported and the regressing is written as follow;

$$CFI = 15.755 + 0.287X + e \quad \dots\text{Formulae 4.7}$$

Table 5: Results of regression analysis for firm size

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.271 ^a	.073	.071	4.43699

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	589.754	1	589.754	29.957	.000 ^a
	Residual	7441.644	378	19.687		
	Total	8031.397	379			

a. Predictors: (Constant), FS
 b. Dependent Variable: CFI

5.0 CONCLUSION

This research aims to investigate and evaluate issues related to the nature of technological innovation implementation and adoption within the Malaysian construction industry, specifically to the heavy construction sector. The literature review reveals innovation as, to challenge the current paradigms and this form the basis to look, accepted logic and seek changes. These changes become innovative when the solutions are win-win for all involved. This research has given contractors guide on general determinant factors in implementation and adoption of innovative construction technologies that can be used to devise strategic marketing plans and ultimately for enjoyment of competitive advantages.

The findings of the research suggest to specify market structure characteristic such as industry fragmentation, operation location and firm size. The finding showed that, huge organization was more innovative rather than small companies. As discussed in this research, several differences exist between construction and others industries: 1) the construction industry is responsive to externally derived demand, highly fragmented, geography and project based and highly competitive; 2) most construction products include immobility, durability, costliness and a high risk of failure; 3) most construction processes are dependent on unique designs, constantly reconfigured and performed under highly variable environmental conditions; 4) most construction process require complex and diverse technology. Therefore, these differences suggest several important advantages that should encourage construction innovation. Advantages such as project organization, engineering and construction integration, low capital investment, capability and experience of personnel, process emphasis and flexibility. In order to utilize those advantages, Malaysian construction firms should formulate and implement processes based on the findings of this research i.e. the determinants of firms' innovativeness in innovation implementation and adoption in construction industry, and more specifically heavy construction sector.

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TOWARDS AN EFFECTIVE BUSINESS MODEL FOR GOLF INDUSTRY: A PROPOSED FRAMEWORK

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ABSTRACT

Despite the tough climate for golf operations and golf participation in general, this industry also exhibits the potential to be a great niche tourism product. As such, to deal with the changing landscape of business in golf industry, designing an effective business model is highly imperative. This study aims to explore the business model in a golf industry, in search for a business model that is effective and competitive. A proposed framework is presented to look at various elements and components of a golf business. While the data is yet to be collected using a case study approach to a golf club in the northern region, the study suggests that the findings will provide useful insights to the golf business in designing an effective business model, hence develop necessary strategies towards superior performance.

Keywords: operations excellence, business model, golf industry, business sustainability

1.0 INTRODUCTION

There are an estimated 59 million golfers worldwide (Rees, 2008). Between 5 and 10 per cent of these golfers travel overseas each year for the main purpose of playing golf, making the international scale of the golf tourism market between 2.9 and 5.9 million. The principal market for dedicated golf tours has been golfers who regularly participate in the sport, but over the last few years there has been

a noticeable stagnation and even decline in the number of 'core' golfers, particularly in the mature markets (Intel, 2006). However, the number of occasional golfers is growing worldwide, providing the opportunity for tour operators and resorts to offer golf as an add-on feature to holidays. Golf is also becoming an important part of meetings and conventions.

In Malaysia, golf tourism has occasioned the development of various golfing activities in Malaysia, as well as in its neighboring countries. Malaysia's strengths as a golf destination are in its locations and year-round tropical climate but, primarily, cost. The array of over 200 courses is located by the sea, in the islands, on the highlands, in the city and in the jungle. Cheap green fees is a major advantage over regional competitors such as Thailand, they can be as low as USD10.

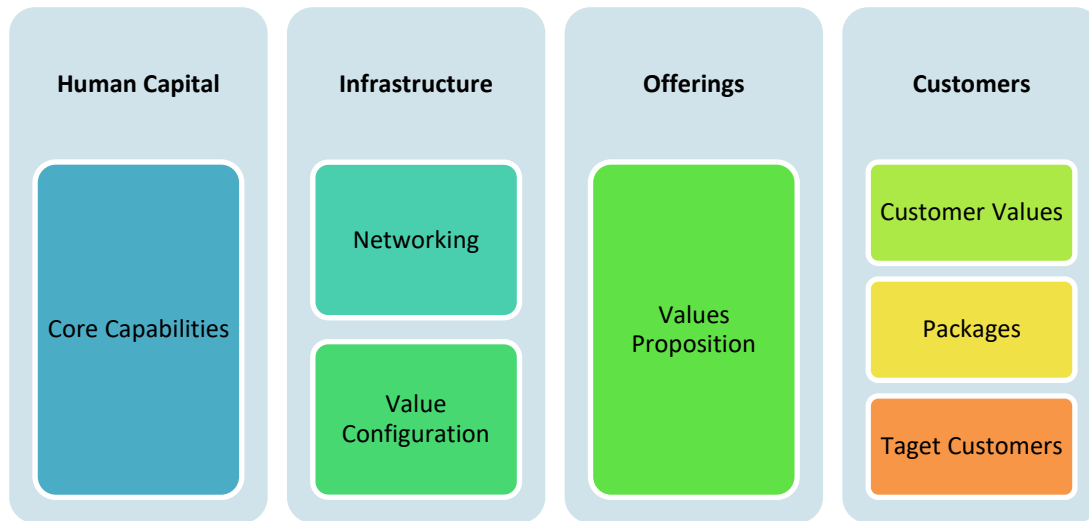
While this business landscape promotes to the rising number of both foreign and local golfers, in Malaysia, the fact that most of them are occasional golfers rather than the core players, has challenged the way the golf operators run their business as to meet along this trend. Traditionally, the golf operators rely much on the membership fees to sustain their business, where the source of income is more steady and predictable. Hence, with the current trend of occasional golfers, building high operational efficiency systems, high degree of flexibility and greater customer satisfaction within the agile business environment are essential success factors. Indeed customer value has become a competitive weapon for a long-term quest toward excellence.

With this scenario in mind, it leaves a big question mark whether the conventional business model would be able to help the golf industry to sustain and being competitive. This study aims to examine the business model of a golf operator, in search of the related elements of their practices; namely the human capital, infrastructure, offerings, customer and values. The analysis of these elements will help to assess the efficiency of the existing business model, hence determine areas of improvement. Consequently, the study wishes to contribute to

the development of a new business model that is effective and competitive to the golf industry, and sports tourism at large.

2.0 LITERATURE REVIEW

Business model is gaining popularity in the research and practice, as a tool to design for a more sustainable business (Joyce & Paquin, 2016). It consists of four main components; namely the human capital, infrastructure, offerings and the customers.



Chesbrough (2010) suggested that the significance of business model lies in its following functions:

- Articulates the value proposition (i.e., the value created for users by an offering based on technology);
- Identifies a market segment and specify the revenue generation mechanism (i.e., users to whom technology is useful and for what purpose)
- Defines the structure of the value chain required to create and distribute the offering and complementary assets needed to support position in the chain
- Details the revenue mechanism(s) by which the firm will be paid for the offering
- Estimates the cost structure and profit potential (given value proposition and value chain structure)

- Describes the position of the firm within the value network linking suppliers and customers (including identifying potential complementors and competitors); and
- Formulates the competitive strategy by which the innovating firm will gain and hold advantage over rivals

In a nutshell, the business model attempts to deliver the value as much as possible to the customers through its offerings, by articulating the resources and strength of the organization.

Golf industry

The golf industry is an emergent form of sport tourism, which currently experiencing growth worldwide (Fatt, Hoe, Musa & Mea, 2009). More people travels to play and go, making recruitment for new members and retain the existing members for a golf club, at uncertain dilemma. While there not much can be done to the fixed elements such as location and the design of the golf courses, competing on the basis of service excellence and operations becoming more alarming (Husin, Chelladurai & Musa, 2012).

The fact that the sports tourism increasingly make significant contribution to the tourism industry and the economy at large also invites growing attention from the scholars for the past decades. The majority of literature discussed on satisfaction and value, particularly among the golfers, who considered as tourists. For instance, Petrick and Backman (2002) studied the determinants of golf travelers' satisfaction found that golfographic variables (rounds of golf played per year, golf vacations taken, number of years played, handicap, etc) are poor predictors of golf travellers' perceived value, but still may be useful in identifying markets of golfers. In contrast, Henessey et al. (2008) show that value and satisfaction are notably different based on golfing frequency, hence implicates the segmentation strategy for the success in business. Following the need to understand the golfers, Fatt et al. (2009) examined the destination preferences and travel behavior among golf tourists in Malaysia. Among others, they highlight the significant relationship between golf specialization and 'facility' factor' of the general destination attribute. thus, the 'facility ' factor can be utilized to differentiate the

preferences for general destination attributes among golf tourist of different golf specialization.

The recent studies seems to depart further from the issues that specifically relate to the golfers, towards the service quality issues at large. In the work by Husin et al. (2012), they illuminate the importance of human resource variables towards the service quality at the golf facilities. Their survey on the employees at 68 golf clubs in Malaysia point to the conclusion that the HRM practices could cultivate the citizenship behavior to the organization, which in turns enhance the service quality and overall performance of a golf club. Similarly, Seong and Woon (2013) go beyond the golfers to include the spectators of golf event as another potential segment that the golf clubs can tap upon, and offering quality service that meet their need and expectations are highly imperative.

Golf and business

According to Hirsh (2013), among the key factors that can make a golf business successful includes location, facilities management, competent staffs, and a good quality of the food and beverages. Equally important, while he maintained the central function of financial management in making a club successful, he also stressed on the essential role of a prudent and realistic planning, in which it corroborates to the concept of business model as a tool in delivering the values. Similarly, Groach (2013) demonstrates that the typical concerns that the golfers look for are the courtesy of the staff, product pricing and selection, tee times received and condition of the golf course. Nevertheless, he points to the central factor, value as the major predictor of loyalty.

From the marketing point of view, Long (2015) considers the social media as the powerful marketing tool that golf business should adopt in marketing their service and offerings. Furthermore, the social media allows the golf club to reach the non-golfers, who might looking for venues for events, such as wedding, seminars and meetings. Indeed, there is a rising trend that event management is a part of the important income revenue for a golf club nowadays (Golden & Dominick, 2017). Besides, the principal association of golf to the health, fitness and wellness should implicates the promotion in

related services and facilities, such as the SPA, gymnasium, tennis court and swimming pool (CMAA, 2017).

In sum, the success in golf business considers various factors namely (i) the competencies of human capital, (ii) the infrastructure and facilities in which their value could be configured out to support the offerings (ii) the types of offering or services, and (iv) the customers, particularly in knowing who are the target customers and what value should be delivered to them. These factors are indeed encapsulate the key elements in the business model. Despite the fact that the previous review of the related literatures have been informative regarding the state of current knowledge and issues in golf industry, yet the business model that capture the all the important elements for a golf business to be competitive and sustainable, is far from clarity. Hence, this study wishes to contribute to this domain by presenting a framework of an effective business model for a golf industry. Consequently, the framework could provide a sensible foundation in assisting the business transformation and designing a unique strategy for a golf business to propel their performance to a higher extent.

3.0 METHODOLOGY

The research pursue a case study approach to explore in depth about the business model of a golf club. The BG Club, located in the northern region is selected for this particular purpose. The BG Club's primary offering is represented by the 18-hole golf course with derivatives designed to be benefitted from the success of the primary offering. In general, the success of primary offering is highly parallel with the total utilization of number of rounds offered for golfing throughout the year. Efficiently operated, an 18-hole golf course could offer a maximum number of around 86,000 rounds yearly which in comparison, BG Club's total utilization is currently at approximately 18,000 rounds, representing a 20.93 % utilization rate.

In addition to that, BG Club is now only hosting a very small number of active golfers (385 golfers - 2014) out of a huge number of adult residents in the vicinity (Kubang

Pasu, Jerlun, Kota Setar, Pokok Sena and Padang Terap are hosting more than 20,000 potential adults). This represents only 2% of opportunity exploitations with the contributions of 11.57% from the 20.93% utilization rate.

In view of golf offering, it is very difficult for a club to claim genuine differentiation between one to the other, since like other countries in the world, more than 80% of the more than 200 golf courses that exist in Malaysia are classified as Mid-level golf course.

3.1 RESEARCH DESIGN

The framework of this study is based on Business Model Canvas which was initially proposed by Osterwalder (2004) as illustrated in Figure 3.1. The model includes nine variables which are divided into two categories; the first related to the sources and services output offered by the club, and the second category is concerning the benefits delivered to the customers as detailed below.

3.1.1 The sources and services output offered by BG Club

- a) Targeted Customer
- b) Customer values
- c) Services Packages
- d) Services Offerings
- e) Networking
- f) Value Configurations
- g) Human Capital

3.1.2 Benefits enjoyed by BG Club patrons:

- a) Cost Structure
- b) Values
- c) Customer Benefits

In light of the BG Club as the context of this study, each variables and the components are further explored through interview and review of relevant literatures. The details are summarized as shown in figure 3.1

HUMAN CAPITAL	INFRASTRUCTURE	OFFERINGS	CUSTOMERS	
Core Capabilities	Networking	Value Propositions	Customer Values	Target Customers
<ul style="list-style-type: none"> • Course Expert • Equipment Expert • Professional Coach • Competent Caddies • Event Manager 	<ul style="list-style-type: none"> • Affiliation with other clubs • Affiliation with professional body 	<ul style="list-style-type: none"> • 18-Hole Golf Course • Clubhouse • ProShop • SPA • Swimming Pool • Fitness Center • Restaurant • Badminton Court 	<ul style="list-style-type: none"> • Good Accessibility • Difficult Course • Prestige • Social Rendezvous • Health 	<ul style="list-style-type: none"> - Professional Golfers - Home Owners - Other Users
	Value Configuration		Packages	
	<ul style="list-style-type: none"> • Product development • Golf management • Events management • Facility management • Golf course maintenance • Facility maintenance • Membership management • Marketing management 		<ul style="list-style-type: none"> • Pricing • Internet 	
Cost Structure		VALUES	Benefits/Revenue Streams	
<p>Fixed Cost:</p> <ul style="list-style-type: none"> a. general management overhead b. employees c. sales and marketing d. maintenance overhead <p>Variable Cost:</p> <ul style="list-style-type: none"> a. agency fees b. buggy maintenance 			<ul style="list-style-type: none"> • Income from golf: <ul style="list-style-type: none"> ○ Membership fees ○ Subscription fees ○ Green fees ○ Tournament fees • Income from restaurant • Income from spa rental • Income from pro shop rental • Income from events 	

Figure 3.1: Business Model Components

Accordingly, this study proposed to examine the effectiveness of the elements and their components as illustrated above, in search of the business model that is efficient and competitive for a golf club. As such, data will be gathered from various potential respondents such as the golfers, home owners and users of other facilities in the club.

Conclusion

This study seeks to explore the business model in a golf industry, in search for a business model that is effective and competitive. Accordingly, the key elements of the business model framework; namely human capital, infrastructure, offerings, customers and value in the context of golf operator business will be analyzed for their effectiveness, using a case study approach of a golf club in northern region. It is expected that the research will contribute to the business model research, particularly in the context of golf business. Further, it provides useful guidelines for the managers of golf businesses in designing their business model to be effective and competitive.

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