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Millennial Entrepreneurial Mindset: The Siblings Kitchen

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Teaching Case Synopsis

This is a success story highlighting on the entrepreneurial achievement of a young graduated millennial, Rabiha Roslee who ventured into the online business using Instagram as the platform to promote her cakes, floral arrangements and table decorations. She was the founder of ‘The Siblings Kitchen’, the home-based micro-business. After a year of operation, she has successfully generated business profits, and able to maintain and attract more customers to buy her products. She also managed to sustain during the enforcement of Movement Control Order (MCO) due to Covid-19 pandemic. Her business grew smoothly and she has planned to open a studio bakery with staff to assist her to accommodate for bigger demands. The relevant theories are the Socio-cognitive theory and Honing theory of creativity. This case is suitable to be applied for Entrepreneurship, Creativity & Innovation, Enterprise Strategy and Integrated Case Studies subjects.

Keywords: creativity, innovation, business risk, entrepreneurial strategy, millennial.

1. INTRODUCTION

On one Friday evening dated April 5th 2019, Rabiha was alone at home and she sat pensively in her room, with a cup of coffee in one hand and her handphone in the other. It suddenly dawned on her that it was about time that she followed both her heart and her dream... “*I just need to pursue my dreams....time is of the essence. Biha, you need to make this work*”, she thought to herself.

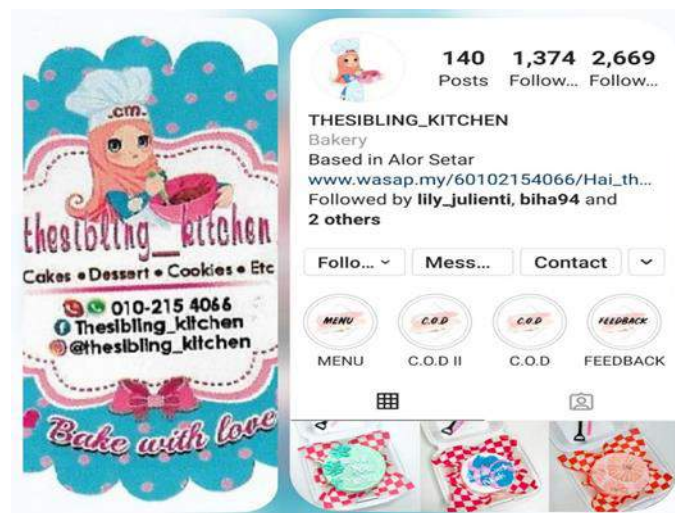
Rabiha, a brave young millennial who ventured into the online business using Instagram as the platform to promote her cakes, floral arrangements and table decorations. She was the founder of ‘The Siblings Kitchen’ an online business that sells cakes and bouquets design. Being young and inexperienced did not deter Rabiha from making a bold move into the online business world. She held steadfastly to her motto, “All our dreams can come true if we have the courage to pursue them”. Rabiha like other millennials, she was a creative and computer savvy. She literally thrives on the internet and carry out most daily activities by clicking on her smart phone. She acutely aware that she needs to be creative in terms of the contents displayed on her social media platforms, in order to attract, and subsequently, retain customers in this rapidly evolving globalisation era. In other words, the internet, social media and interactive technologies have helped her to be in the forefront of promoting her products. As a start-up micro sized entity, Rabiha has successfully expanded her business through product diversification, innovation in cakes and bouquets design and larger networks within the Food & Beverage (F&B) sector.

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2. A MILLENNIAL WITH BIG DREAMS



After completing her baccalaureate studies in the university, Rabiha returned to her hometown. She took a few days to settle down and adjust to a quieter pace, without the usual rush for lectures and exams hovering menacingly over her head. That was the starting point of the journey for this young lady, Rabiha Roslee. Rabiha was born on 6 May 1994 in Alor Setar, the eldest of five siblings. She graduated from Universiti Sains Islam Malaysia (USIM) in 2018 with a Bachelor in Food Technology degree. With her knowledge in food technology, her love for baking cakes and cookies, and the support of her friends, she began her cake business, The Siblings Kitchen, in April 2019, which was promoted online via Instagram. The business was located at No. 15, Lorong Tepi SMK Simpang Kuala, Jalan Alor Mengkudu, 05400 Alor Setar, Kedah. After a year of running the business, Rabiha registered her business in January 2021 with the Companies Commission of Malaysia (CCM). As of June 2021, Rabiha's Instagram followers have reached 1,374 followers and 2,669 following.



Rabiha had a strong passion to succeed in the food and beverages (F&B) industry. From young, she had already kick-started her dream of being a successful businesswoman. Right from her primary school days, Rabiha had shown her business aptitude. She used to sell ice cream to her primary school friends, an entrepreneurial skill that she had inherited from her grandfather who sold vermicelli rice noodle soup at a market stall in Baling. She also used to watch and learn from her aunt, Mak Ngah, who was involved in the soap flower and chilli paste business. As her interest in entrepreneurship continued to be ignited deep within her, she began following the GULA cakery and rarakitchy Instagram that sold varieties of cakes, and she soon, found herself developing a love for the online bakery business. *“It looks like a workable idea”,* thought Rabiha. *“I can keep myself updated with the latest trends and ideas on cake designs and recipes. I can have my own Instagram account to promote my business”.* With that in mind,

Rabiha decided to venture into the competitive world of the online cake industry. To start off and test the waters, she began a home-based business that made and sold bread pudding and cheese tarts.

3. STRATEGY TOWARDS SUCCESS



In mid-2019, with a mere RM100 of her own pocket money, Rabiha started her business. It was a self-run micro-sized business. She used her small initial capital to purchase the ingredients to make bread pudding and cheese tarts. Initially, she did not own any assets, such as an oven, a refrigerator, or a mixer; she lived with her parents and could therefore, use the equipment available at home. Besides, no utility expenses, such as electricity and water bills, had to be paid by her in the early stages of her business. However, after a year in business, she further expands her business, Rabiha bought two ovens, purchased a mixer and a chiller.



After a few months of selling bread pudding and cheese tarts, Rabiha decided to add brownies, chocolate cake and mountain larva cake to her menu. Her products were in small sizes and ranged in price from RM5 to RM6. Customers had to order and pay at least one day earlier than the delivery date. Discounts and one free item were given to customers with a minimum order of 30 items. Sometimes, Rabiha also offered bigger discounts for bulk purchase. Rabiha's brownies did well. She received an order for 100 brownies by Bank Islam staff one day before the Hari Raya festival. For her cakes, Rabiha usually received five to 10 orders per day, and on average, made a profit of RM300.

In November 2019, Rabiha sought feedback from her friends and family on the products offered by her. This feedback and her own ideas made her more confident of managing her business successfully. She also provided complimentary samples of her products to her customers. Rabiha had a system to get feedback from her customers on her products and services, and so far, the feedback had been good. Nonetheless, Rabiha did not rest on her laurels. She believed in continuous improvements and was

never complacent when it came to pleasing her customers. She used social media platforms, especially Instagram, to upload new designs and observed the number of ‘Likes’ by her Instagram followers. Being computer savvy, she could easily gauge her customers’ likes and preferences and build a database to facilitate her marketing strategies.



Following her involvement in the cake and pastry business, on the encouragement of her friends, Rabiha decided to venture one step further into the business of floral bouquet delivery, which could include chocolates or cash gifts, as requested by customers. She set aside RM200 to start this business and began receiving orders from customers, who gave her their specific requirements, in terms of the type of flowers, bouquet size, colour theme and budget. Sometimes, customers gave her the flexibility to design the bouquet based on her own creative skills or ideas from social media platforms. For a simple arrangement, she took less than half an hour, while for special orders, which sometimes included a hot air balloon, she took longer as the request could be quite complex to cater to. Often, the bouquets were not just floral, but could include food items, like KFC, Maggi noodles and chocolates, as well as money. No matter what customers wanted as part of the bouquet, Rabiha took pains to make the final order as attractive as possible.



Rabiha’s first sweet moment was when she received order for several bouquets of chocolates with small teddy bear from Sekolah Rendah Islam Darul Aman (SRIDA) Alor Setar, in conjunction with the Students’ Excellence Awards Day. She spent RM400 for the arrangements, which included wrapping papers, ribbons, small flowers, chocolates and small teddy bears. All the 50 bouquets that she made,

ranging in price from RM10 to RM20, sold like hot cakes, which saw her earning a handsome profit of nearly RM1,000. As the target customers were students, her simple, yet reasonable and attractive bouquet arrangements won the day.



Among Rabiha's main customers were students in schools within the Alor Setar area, nearby institutions of higher learning, such as Matriculation Colleges and Universities. She also delivered her products to the Jitra, Pendang and Sungai Petani areas. Rabiha's idea to combine cakes and flowers in a combo-bouquet seemed to be what customers wanted and she often received orders like that for special events, such as Father's and Mother's Day celebrations. Another boost for her customers was that Rabiha offered a discount of RM5 for her combo orders. On average, if she made 10 deliveries per day, she could make a monthly net profit of between RM1,500 to RM2,000.



Besides cakes and bouquet arrangements, in July 2020, after the Covid-19 pandemic seemed to be easing off, Rabiha ventured into the table decoration business for birthdays, anniversaries and weddings dinners. She charged between RM100 to RM180 for each decoration request. Customers had to settle full payment a few days before the event. For table decoration requests, Rabiha reserved the table from the owner of the café in advance. Places like the restaurant in Menara Alor Setar, NENDA Café, Muzium Signature, Grab & Bite Café, and The Place by DECO, bore witness to Rabiha's splendid table decorations.

4. THE LONG AND WINDING ROAD

Although Rabiha had no proper training in the art of baking, she was not deterred. She was a fast learner and very adept in getting connected to relevant social media platforms. One click on any search engine brought her to a myriad sites on all that she wanted to know, from new recipes, to what was trending, to what consumers were looking for and to the ways to reach them. What was even more important was her own desire to succeed as an up-and-coming millennial entrepreneur. She also spent time browsing through cook books, talking to friends with similar interests and visiting other pastry and cake shops. It was indeed a period of trial and error, but her never give up attitude was her critical success factor.

Rabiha knew that she could have easily secured a safe and comfortable career in the public or private sector. But such a thought only stayed in her mind fleetingly. Her decisiveness, persistence, willingness to take risks and her technological and networking skills, made her very determined to succeed on her own in a business that she was passionate about. In spite of her unwavering determination, she knew there was no short-cut to success. It would be a long and arduous journey, but the first step must be taken, and that first step was The Siblings Kitchen. Eventually, her business began attracting Instagram followers and a quick review showed that her potential customers were in the age ranges of 13 to 30 years (90%) and above 40 years (10%). She began to better understand her target market, what they were looking for and what she should focus more on, all of which are crucial aspects for the success of any business.

Rabiha's business was not without challenges and risks. Although she tried to position herself strongly in the competitive online business world, some things still had to be done physically, and delivery of orders was one of them. This was especially compounded during the rainy season. Heavy downpour, accompanied by thunder and lightning, and the occasional flood, often made delivery very difficult. Another problem was delivery to remote areas, which even the most advanced tools, like google map or waze, could not detect. In trying to locate one address at Tok Keling, an area near to Alor Setar, Rabiha recalled manoeuvring her car along a narrow and precarious path, flanked by paddy fields on both sides. The situation worsened during the Movement Control Order (MCO) from March 2020 when she could not make deliveries to her customers due to the restrictions. During the pandemic, there was no income and Rabiha had to delve into her savings. But Rabiha knew that she was not in this kind of situation alone; so many entrepreneurs like her were affected and she knew that she had to persevere to overcome the hurdles. She was built of more sturdy stuff and had sufficient grit to overcome problems, come what may.



Rabiha put several business strategies into place to face the competition from rivals in the industry. The online cake business was indeed a tough market and several risks had to be taken and faced to survive and sustain. Her penchant for reading success stories found that she liked the entrepreneurial spirit of

Jeff Bezos, CEO of Amazon.com, who said, *"I knew that if I failed, I wouldn't regret that, but I knew the one thing I might regret is not trying"*. This favourite quote of Rabiha's was put to the test when one day, a good friend requested a cake shaped like a unicorn to celebrate her wedding day. Rabiha had never attempted such a cake design before. But she knew she could not let her friend down, more so it was for a very important occasion and a beautiful wedding cake will always be etched in everyone's memory. After surfing the internet through the wee hours of the night, Rabiha designed, baked and iced the cake and delivered it on the morning of the wedding day. The next day, while busy baking at home, the ring of her mobile phone interrupted her thoughts and work. *"Thank you very much, Biha"*, the new bride gushed excitedly. *"I am so happy with the unicorn cake that you made. All my guests commented on how beautiful it is and so very delicious too"*. Rabiha was overcome with pride to say anything. Jeff Bezos was right. One must always try, otherwise one will never know what one is capable of. *"I am so glad I accepted that order"*, she thought to herself.

Some of her rivals in the bakery business were well-known, and that complicated things for Rabiha who was a relatively new-comer. She tried to offer a variety of products and her creative skills helped to make her products unique and more eye-pleasing. What she offered may be the same or similar to others in the baking industry, but what differentiated Rabiha's products and gave her a slight competitive edge was her relentless efforts to upload products which could instantly attract her existing and potential customers.

When it came to payment and business transactions, Rabiha had to strategise carefully. She opened a bank account in Maybank, for her business revenue and expenditure, including customers' payment and purchase of raw materials. For regular customers, payment was based on trust, whereby she accepted payment upon delivery. However, for newer customers or first-time buyers, she required that the payment be settled ahead of delivery. She did not want to be involved in any bogus dealings. As such, she was very careful in who she was dealing with and scrutinised all requests before deciding to accept an order, on condition payment had been settled.

Entrepreneur like Rabiha must be able to solve problems and make quick decisions. She was involved in the provision of event-related products, like for weddings and birthdays. As such, she needed to be aware of what is trending in the market and customers' changing preferences. She always had to be current and relevant in terms of changes in technology, and the economic and political environment. For example, it was a struggle for Rabiha to get cheese and chocolate supplies. Previously, chocolates were ordered through online platforms, such as Shopee, and the cheese from a supplier in Ipoh. Failing to get the chocolate order in time and not being able to travel to Ipoh to get the cheese, Rabiha had no choice but to cater only to those orders which she could fulfil, given the dire constraints that she faced. Rabiha, as with other entrepreneurs, hoped that the pandemic would come to an end and business could resume under normal conditions, but for now, she had to settle with the new norms of working and hoped that she could still give satisfactory services to her genuine and loyal customers. Throughout the very trying pandemic situation, the plus side for Rabiha was her decision to utilise online business platforms to promote her products. With the restrictions on physical movements, online businesses began to flourish. Thankfully, Rabiha had her Instagram and fervently promoted her products through this medium.

Networking was crucial for Rabiha during the Covid-19 pandemic. It allowed Rabiha to learn from the success of others, promote her business and meet new clients, as well as access to new resources and knowledge to meet her business needs. The more she connected with people, the more Rabiha recognised new business opportunities. Rabiha joined the Surprise Planner Malaysia WhatsApp group, comprising participants with similar interests, from whom she managed to get the latest information. Members also shared ideas and suggestions, and overall, this Whatsapp group was very beneficial for Rabiha. If there was a customer's request that she could not fulfill, she would share the information with the group and invariably, someone else could accept that order. There was healthy competition

within the group, everyone pitting skills and abilities to ensure the online cake business continued to grow and be successful.

5. CUSTOMER IS KING

Customers are the backbone of any business. No matter how well run the business is, it is the customers who will ultimately determine if a business can survive. Rabiha was aware of this and knew that to retain her customers, and to get new ones, their satisfaction was paramount. Her customers comprised school children, students of higher learning institutions as well as her friends. These customers ordered Rabiha's products online via The Siblings Kitchen instagram. Orders were also accepted through WhatsApp. When there were inquiries from customers, for example, for a chocolate bouquet, Rabiha asked for the budget set by the customer. With that amount, Rabiha would recommend a product, with the appropriate decorations, colour theme and materials. Once customers agree, they would have to pay and Rabiha would only commence working on the order after payment was received.

Sometimes, Rabiha received last minute orders from her customers. She always tried her best to fulfil their requests if she had the time and the materials. This was one of the strategies used by Rabiha to maintain a good relationship and improve her customer service. Once in a while, customers would seek more clarification on the price set by Rabiha. She would patiently explain her pricing to ensure customers understood that they were not being unduly overcharged. Nonetheless, she has had occasions when she had to say a firm NO due to unreasonable demands. Rabiha also showed her appreciation, especially to her regular and loyal customers by offering special discounts. For example, no delivery charges were imposed for bulk purchases. This strategy was valued by her customers and went a long way in not only pleasing customers but in also receiving more bulk orders. This strategy was indeed a win-win situation for Rabiha.

6. THE WAY FORWARD

Rabiha was confident that her business could be sustained even in turbulent times. Weddings, birthdays, and other special events do not go away whether during the normal situation or in a pandemic condition. The orders for cakes, bouquets and table decorations would be an on-going venture for her. In terms of challenges, she kept updating her Instagram with the latest news on her cakes and bouquets to ensure her followers received the latest offerings by The Siblings Kitchen. Rabiha visualises opening a cake studio and recruiting staff to help her for her future business. With a visionary, creative, passion and courage to take risks, she will augur well to scale greater heights of excellence in future. She talked to herself "*I am strong and able to be a successful entrepreneur*". She quickly makes a move, picked up her car keys and drove her car to purchase some materials for tomorrow's order.

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Blood, Sweat and Tears of a CEO

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Teaching Case Synopsis

The teaching case tells about the journey of the protagonist, Mr AKC, who ran a furniture manufacturing business, PBU. The company started as a small wood-based and metal-based furniture producer, and sales were made through retail and rental of furniture models for the education sector. More than two decades after the incorporation, PBU made quite a success with the inclusion of hospital furniture in its product line. The case highlights the good leadership characteristics possessed by Mr AKC in ensuring the success of PBU. In this case, students may observe the quality of a leader cum entrepreneur in ensuring the business to soar. The case is categorised as an illustrative/best practice, in the field of operation and strategic management.

Keywords: leadership, management, furniture industry

1. INTRODUCTION

Mr Abdul Karim Chan (AKC) was sitting alone in his humble office on the top floor of the administrative building. It was late, and a quick glance at the wall clock showed it was slightly past 7.00 pm. As he sat in quiet solitude and waited for Maghrib prayer, his eyes wandered to his furniture factory situated across his office, which was still clearly visible even as twilight dawned and began to cast shadows. He had started Prima Bersatu Unggul (PBU) almost 25 years ago, and with unwavering commitment and blood, sweat and tears, the business grew from strength to strength. As Mr AKC took a walk down memory lane, he remembered when PBU was established in 1997 as a Small and Medium Enterprise (SME) with paid-up capital of RM1,000,000. Before setting up PBU, Mr AKC had acquired a wealth of experience, working in both the public and private sectors. After several years, Mr AKC felt he had sufficient skills, knowledge and experience, to make a bold move into the world of business. During his days in the public education sector, he taught entrepreneurship; therefore, setting up his own business would be more like walking the talk. So he set up PBU and began by venturing into metal and wood furniture manufacturing. Starting PBU was never easy for him. Too many challenges and obstacles needed to be taken care of. But after more than two decades, Mr AKC can breathe a sigh of relief when watching PBU placed itself as one of the leading players in furniture industry. He closed his eyes and let his mind drift along the memory lane.

2. BACKGROUND OF PBU

PBU was located in the industrial area of Seberang Perai Selatan, Pulau Pinang. When Mr AKC started his business in 1997, his business knowledge was scant, but his spirit to succeed was all fired up. Starting his own business meant he must resign from his comfortable civil service position, and this was not an easy decision to make. Over the years from 1997, Mr AKC noticed how the business environment was rapidly evolving and how the business world was a rat race that not many could win. As the founder of PBU, Mr AKC knew he had to equip himself with all sorts of skills to stay relevant and competitive. His guiding principle was his religious beliefs, and his faith in Islam played a crucial

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role in helping him stay afloat and scale greater heights. He kept himself updated with the latest business trends and developments by reading and practising lifelong learning. Mr AKC believed that this was the key to the success of his business. He kept looking for new business opportunities and aspired to be a game-changer in the business world.

Unlike some business leaders who looked for young and more vibrant employees, Mr AKC adopted a different strategy. He retained employees of various ages. He knew that a smart blend of older and younger employees would augur well for his company. More senior employees have a wealth of experience, while younger employees have more current skills and knowledge and are more technologically savvy. With this mix, PBU made more precise decisions toward business sustainability. Several of PBU's employees also had good academic qualifications, and this too helped PBU better position itself in the furniture market.

PBU produced various kinds of furniture, mainly for schools and offices, as well as other institutions. PBU also ventured into the production of laboratory and hospital furniture. Subsequently, PBU produced furniture accessories, hardware and industrialised building system (IBS) products to sell to construction companies. This range of IBS products was sold to large companies, like Sime Darby and Mass Rapid Transit (MRT) Corporation Sdn. Bhd., which needed these products for its MRT line 1 and line 2 projects. In August 2007, the Ministry of Finance appointed PBU as an authorised wood furniture supplier to government agencies in Pulau Pinang. Besides this, the Malaysian government had appointed PBU as the leading supplier for single and double stainless steel beds to government agencies throughout the country. In keeping with changing trends and technological advancements, which witnessed shoppers switching from physical to online shopping, PBU was among the earliest furniture manufacturers to sell furniture online by collaborating with online shopping platforms, such as LAZADA and Shopee. Another distinctive feature of PBU was that it made its presence felt in home-décor fairs, both locally and abroad, to promote PBU furniture. Mr AKC left no stone unturned in his quest to succeed.

3. BUSINESS GROWTH

As Mr AKC continued to reflect on the long journey that PBU had gone through, he recollected that at the beginning of PBU's establishment, the focus was on producing basic metal and wood furniture, which was sold directly to local customers through retail and wholesale methods. After some years of PBU's establishment and the experience of being a businessman, Mr AKC decided to sell PBU furniture in the global market. The move was indeed a turning point for PBU; Mr AKC was eager to gauge his ability and competency to go global. Although he knew that selling in the global market would be a whole new ball game compared to selling locally, Mr AKC was not perturbed and ready to face the challenges headlong. Soon, Mr AKC found himself learning many new things, especially related to material use, pricing system, packaging design and the importance of reliability. Another eye-opener was Mr AKC's realisation of how crucial employees' discipline is. He consistently drove home the point to his employees on the importance of on-time delivery to the global market, which involved complex supply chain logistics, from production to warehousing and loading (air or sea freight). These processes must be undertaken with precision, accuracy and timeliness. Mr AKC knew that time was of the essence. Hence, he emphasised punctuality besides ensuring efficient packaging, so that the products would reach the customers safely and securely. Packaging was of the utmost importance because if a customer received a damaged or defective product due to poor packaging, the procedure for replacement could be costly, tedious, and time-consuming.

The global market became an important business segment for PBU. Foreign customers preferred local rubberwood furniture as it was the best alternative to pine wood furniture, which was significantly more expensive. To remain at the forefront of the international furniture market, Mr AKC registered as a permanent member of the Malaysian International Furniture Fair (MIFF). Through this membership, he enjoyed several benefits, such as the opportunity to interact with foreign players of the furniture

industry, gain knowledge on the global evolution of furniture design and generate new ideas on marketing, design, use of latest materials and advanced production techniques.

By 2004, PBU was producing metal and wood furniture on a large scale. Mr AKC, who always looked upon himself as a game-changer, proposed a furniture rental system for students' residential hostels in local public universities. At the early stage of this proposal, Mr AKC found it extremely difficult to promote this innovative idea to the management of public universities. Nonetheless, he persevered and used the experience and negotiation skills that he had acquired over the years to convince management about the advantages of the rental system instead of purchasing hostel furniture. He relentlessly pushed his idea and extolled the benefits of this rental system. Universities had to just bear the rental costs over a long-term contract, and PBU would take care of maintenance and other associated expenses during the entire contract period. The universities were also given a choice to customise the furniture according to each hostel room's size, shape, and requirements.

PBU built its reputation and credibility due to its ability to produce different kinds of hostel furniture, to meet University requirements, from the very basic to sophisticated. For example, PBU produced and rented wardrobes installed with digital lock and key and equipped with a safety box, which students found extremely useful. Mr AKC succeeded in his rental system proposal. Among his earliest customer was Universiti Utara Malaysia (UUM), followed by other universities: Universiti Teknologi MARA Malaysia (UiTM), Universiti Teknologi Malaysia (UTM), Universiti Malaysia Sabah (UMS), Universiti Malaysia Kelantan (UMK), Universiti Islam Antarabangsa Malaysia (UIAM), Universiti Malaysia Perlis (UNIMAP) and Polytechnics. As part of its corporate social responsibility (CSR), PBU only focused on local public universities and other educational institutions as far as the rental system was concerned. This was done to enable other small furniture manufacturers to market their products in different furniture market segments. As an SME, PBU was keen on helping other SMEs in the furniture industry seize opportunities in segments where PBU had not made a foray.

The furniture rental system for students' residential hostels propelled PBU to unprecedented heights of excellence in the country's northern region. PBU enjoyed the continuous support of the universities as all maintenance costs were taken care of, and the furniture was manufactured by PBU itself and not outsourced to a third party. Thus, PBU could take immediate remedial action to replace the damaged furniture if there were any defects or complaints. Since most of the rented furniture were customised, PBU had to have a sufficient inventory of parts, accessories and even finished goods in the event of damage and replacement became necessary.

In early 2010, Mr AKC noted that PBU had ceased to be the dominant player in the students' residential hostel furniture rental business. Many new players began entering this market segment. Mr AKC realised he needed to think quickly on his feet and come out again with something innovative as a new business venture for PBU. After a thorough study and in-depth observation of prevailing trends and needs, Mr AKC came up with the idea to produce hospital furniture or furniture for hospitals and medical centres. He was grounded in the belief that nothing was impossible if PBU went the extra mile to manufacture hospital furniture. It took almost seven years of hard work as well as trial and error to operationalise the idea. Still, ultimately, PBU was able to produce a range of hospital furniture, such as portable isolation chamber, ward bed, examination couch, patient transport trolley, stainless steel instrument trolley and mattress and other accessories. The experience acquired from and the long journey he had travelled in succeeding in the metal and wood-based furniture business made Mr AKC confident that PBU could produce high quality and world-class hospital furniture at lower prices compared to the current market price. Based on his experience in the residential hostel furniture rental system, Mr AKC planned to initiate a hospital furniture and accessories rental system as well. In 2020, PBU was the third local company involved in producing hospital furniture and accessories in Malaysia and became the only manufacturer to be involved in the hospital furniture and accessories rental system. PBU then successfully won the tender to rent out furniture to the Universiti Malaya Specialist Centre (UMSC), Hospital Sultanah Bahiyah and Hospital Sultan Abdul Halim. In addition, other hospitals

began to look favourably to the benefits of the rental system, and Mr AKC knew they too could be PBU's potential clientele.

4. CONCLUDING REMARKS

Looking down the memory lane, Mr AKC recalled the blood, sweat and tears that he had shed along the way in ensuring PBU's success. It was tough, but he knew he had made quite a milestone in the company's accomplishment. Deciding to leave a comfortable position in civil service for doing business was not easy, as setting up a business involved taking up risks. However, Mr AKC was seeing it differently now:

"I need to walk the talk. Without taking risks, would there be return?"

Observing PBU's success, deep in his heart, he knew that the sacrifice he made earlier was justified. Naturally, a slight gratified feeling arose, but he knew that all these achievements were indeed sustenance from the Creator. He could see a few of his factory staff were hustling and bustling, finishing their daily chores outside his window. The production had come to an end for the day, and the facility was closing soon. Mr AKC smiled silently, got off his chair and switched off the lights. The *Maghrib azan* was calling, and it is time to answer the call.

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Let's Get Lean: Have I Done Enough?

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Teaching Case Synopsis

The teaching case tells about the operation of Prima Bersatu Unggul (PBU), a furniture manufacturing business, owned by Mr Abdul Karim Chan (AKC), the case protagonist. The company started as a small wood-based and metal-based furniture producer, and sales were made through retail and rental of furniture models for the education sector. More than two decades after the incorporation, PBU made quite a success with the inclusion of hospital furniture in its product line. Despite the success, Mr AKC's intuitively felt that the business could do better if it could start committing to lean practices. Mr AKC planned to retire within next few years and intended to pass his business to his children. However, he was doubting whether he had done enough with regard to managing waste in the company factory. Before resigning, Mr AKC anticipates to put everything in order, thus making sure the factory would run in lean order, full efficiency. The case is categorised as a problem case, in the field of operation management.

Keywords: lean management, waste, furniture industry

1. INTRODUCTION

On one busy day, Mr Abdul Karim Chan (AKC) gazed at his furniture factory from his office. He could see the hustle-and-bustle of his factory workers going about their tasks. Prima Bersatu Unggul (PBU) production line appeared to be moving smoothly, but Mr AKC earnestly believed PBU could do better by using the resources more efficiently and systematically. Mistakes needed not to occur at any point along the production line, as a single error would be costly in terms of materials, energy, effort, money and time. Another improvement that PBU badly needed that kept playing on Mr AKC's mind was the time taken to produce each piece of furniture, from the point of receiving the order to the delivery of the finished product.

All these issues had to be settled before Mr AKC could hand over his business to his children. He intended that all information that his children needed to be well documented and readily accessible to manage the production process smoothly. Things were so different now compared to the time when he started the business 25 years ago. He had succeeded up to a point, but he wanted to be doubly sure that when his children took over, they would inherit a business with an efficient management and production system to ensure PBU's continued survival and legacy as an excellent furniture business. Mr AKC's mind drifted to the stories he had heard from his business friends who narrated how their children had failed to manage the company handed down to them, and he certainly did not want the same thing to happen to PBU. He thought to himself quietly:

"Things must be put right before I can hand over. I must do something to eliminate wastes to improve operation management efficiency and production cycle time!"

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2. PBU'S ORGANISATION CHART

Mr AKC thanked Almighty, for it was with His divine blessings that his business continued to flourish. Mr AKC was now in his late 50s, an age when most people would begin to slow down and take it easy. He planned to slowly involve his children in this business, train them in the nitty-gritty of the business and eventually pass the baton to them when the time was right. His two sons and one daughter in law had already been appointed to important positions in Prima Bersatu Unggul (PBU). All his children were highly educated in different specialisations, like engineering, quantity surveying and designing. Nonetheless, Mr AKC realised the excellent education of his children was not adequate to guarantee the continued success of PBU.

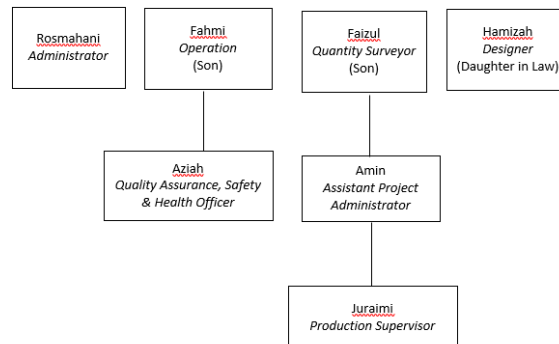


Figure 1: PBU's Organisational Chart

Before he could completely hand over PBU to his children, he knew several areas needed a revamp, specifically the production processes, that required to be undertaken before retiring. One of the main things he was not satisfied with was the operations management system in the factory. Therefore, immediate measures needed to be taken to enhance operations and production processes if PBU's legacy as a successful furniture business was to continue. More importantly, in the face of new entrants into the market, Mr AKC knew something must be done quickly and pro-actively to ensure survival and a competitive edge for PBU.

3. OPERATION MANAGEMENT SYSTEM

The vision of PBU was, *"PBU is committed to strive to become an excellent furniture manufacturer and continually improve through better manufacturing practices to fulfil its customers' satisfaction"*. In line with this mission, PBU was committed to achieving and adhering to international quality standards and certifications. In the past, PBU had received two quality standards certifications, i.e., the International Standards Organization (ISO) 9001 and ISO 13485 from the Standards and Industrial Research Institute of Malaysia (SIRIM). The ISO 9001 certification ensured the ability of PBU to consistently provide products and services that meet and even exceed the needs of the customers. Further, PBU's business operations were aligned with regulatory requirements. This ISO 9001 certification is crucial, especially when dealing with large organisations since these organisations measure the quality of their suppliers based on the certifications and qualifications received from standard qualification organisations. As for ISO 13485 certification, it was a license for PBU to produce hospital furniture.



Figure 2: Standards and Industrial Research Institute of Malaysia (SIRIM)

Getting these two certifications for PBU was undoubtedly not an easy task. PBU spent a significant amount of money to hire consultants to assist the company in fulfilling all the requirements needed for successful ISO certifications. Mr AKC also encouraged and appreciated his employees who gave their all to achieve these certifications. Mr AKC understood that the even more challenging task after being ISO certified was maintaining and implementing it internally. All the documented quality standards must be implemented in the daily operations management system. Mr AKC acknowledged that even though PBU had a quality policy from its establishment several years ago, things were not quite right internally as the quality procedures and standards were not documented well to be easily followed by the employees.

The quality policy of PBU was, “*PBU is committed to achieving zero customer complaints and 100% on-time delivery*”. However, besides the lack of proper documentation, PBU did not have a suitable system to measure its quality, even though the quality policy clearly stated that there must be zero customer complaints when their furniture orders were delivered. Every now and then, defects occurred that necessitated rework, proving to be costly for PBU. As for after-sales services, PBU had a policy that guaranteed its customers immediate replacement would be made for any defect in the furniture delivered to them. This policy, however, made the employees more careful in producing and handling furniture to be exported to the global market, since they knew it would be complicated to get the furniture returned and replaced. As for local deliveries, the employees felt that furniture could be more easily replaced than replacing for foreign customers. This scenario made the employees have a lackadaisical attitude and not realise that such an attitude would have serious consequences, such as a bad reputation and perception of PBU’s service quality in the long run.

However, based on Mr AKC’s observation and scrutiny, he was confident that the defect rate during production and after-sales was still manageable. Although there were no records to help him assess defects, Mr AKC’s gut feeling told him that comparatively, it was a small percentage. Nonetheless, the internal quality control system must be improved. For example, Mr AKC had instructed that quality must be checked along the entire production process and not just the final product. Still, these instructions were verbal and not documented. On the other hand, for the production of hospital furniture, Mr AKC realised quality inspection must be paramount, and defects cannot be tolerated at any cost. Hence, as required by the ISO documentation, Mr AKC set up the Safety and Health Department to monitor the quality of the hospital furniture production process and ensure it was in complete adherence to the ISO documents. This department was also given the responsibility to map out a quality assurance system for PBU.

Before the quality assurance document could be prepared, PBU should have detailed information on the production process. Still, sadly, Mr AKC admitted that PBU did not have the detailed production information for each furniture unit produced. Mr AKC realised that since PBU produced both mass and customised furniture, it was uncompromisingly crucial for PBU to have the production details (materials, labour, costs and overheads) for each product and the time needed to produce each piece of furniture. This information would then help in critical decision-making, such as pricing and delivery time. Generally, Mr AKC estimated his furniture costs based on the information provided by the bill of

materials (BOM) system for materials and labour costs. In contrast, overhead expenses were estimated based on a percentage of labour costs. Unfortunately, this kind of estimation made in the past meant that the actual furniture cost per unit had not been calculated accurately.

Besides the issues mentioned above, Mr AKC noted that late delivery by PBU occurred, especially during the peak periods of May to August each year. The factory had to operate over its capacity to meet demands, which caused several delivery delays. To overcome this problem, Mr AKC contemplated three measures: (1) investment in labour; (2) investment in new technology/sophisticated machinery; and (3) extended working hours. On reflection, Mr AKC knew that investing in new technology/sophisticated machinery would need massive funding, which PBU could not afford; while investing in labour needs a careful review of the current capacity, which had not yet been accurately determined. Therefore, the best way out was to stretch the working hours, which resulted in some departments having to operate 24 hours using the shift system. As for the time needed to produce each furniture unit, Mr AKC once again found it difficult to make an accurate estimation as the man and machine hours required to produce each unit had not been recorded well. Mr AKC then assumed that a new customised design would need 45 days to complete production for the metal section, while for the current metal furniture model, it could take 30 days for completion. The most critical area was the wood furniture. Mr AKC could not estimate the time needed to produce each wood furniture unit. For example, he could not count the time required to mass-produce furniture, such as a batch of school tables or chairs, the most significant mass-produced items in PBU.

Although PBU could usually make deliveries on time and as promised, Mr AKC felt this situation could continually be improved if production cycle-time could be determined. Accurate estimation of the production cycle-time could enable PBU to plan and appropriately control its production process. The current practice in PBU, in terms of delivery time, is a month after the order is received. Without accurate information on the cycle-time for each unit of furniture, PBU's profit was based on sales volume and not on the unit sale. It was evident to Mr AKC that the system of estimation in PBU was not grounded on hard evidence and did not augur well for the future of PBU.

Generally, two primary raw materials are used in PBU's furniture production, i.e., metal and wood. The metal is ordered directly from the supplier when the production job order was initiated. However, managing the wood supply was somewhat challenging. Wood suppliers usually do not hold high volumes of wood due to the risk of damage. Thus, PBU had to manage and carefully plan the ordering process to control and manage the possibility of late delivery. Mr AKC took note that producing wood material took six months at the suppliers' place. To make sure wood supplies were adequate in PBU, Mr AKC analysed the peak periods for wood-based products, i.e., the demand for tables and chairs for schools increased drastically at the beginning of each year. Thus, to ensure that the production ran smoothly, Mr AKC purchased wood a year ahead of the production of wood-based furniture. This strategy was advantageous for PBU because, in January, the demand for timber was relatively high. Hence, by purchasing the wood during non-peak seasons, PBU bought wood comparatively more cheaply. Another strategy adopted by PBU was not to buy wood during the rainy season, as the wood would be perforated and of lower quality, with high moisture content and greenish spots and stains. The third strategy was to enter into long-term contracts with the suppliers. For example, Mr AKC would make wood order for a year, where continuous delivery could be maintained. However, the agreement did not state a fixed price. Nevertheless, PBU was also fortunate to have a mutual understanding with the supplier, who agreed always to sell the supplies at the old price, except if a price increase was unavoidable and beyond the suppliers' control.



Figure 3: Wood-based raw material inventories located at the production area

Due to the issues related to raw materials supply mentioned above, PBU had no choice but to maintain an inventory, especially for wood supplies. The production area of PBU was divided into three sections: (1) wood furniture section; (2) metal furniture section; and (3) hospital furniture section. Due to this, all the metal and wood stock seemed to be stored haphazardly without proper management. In addition, these raw materials often faced the risk of damage and loss. It seemed like PBU did not have a suitable control mechanism to monitor its raw material inventory. But this lack of control was not just for the raw materials inventory. The inventory for finished goods, accessories, hardware and fast-moving items, such as tables and chairs, were also not monitored. The only plus side was that the finished goods inventory was not a lot as they were delivered to the customers immediately upon completion. It was only at the beginning of the school year that PBU had to have a ready stock of tables and chairs in case there was a sudden surge in demand from the schools. PBU did not have adequate space for its inventory. PBU operated in an industrial area that was managed by a government agency. For almost 25 years, PBU carried out its production in the same building, and there was no space for further expansion.



Figure 4: Work-in-process of metal furniture located far from the metal production

The limited space to operate was another problem faced by PBU. Although PBU had set up separate sections for each type of furniture, the production layout in each area was not well done. When PBU bought new machines, especially automated machines, a vast space was needed to assemble the machines. Due to the existing space limitations, PBU did not have a choice but to locate the machines at any unoccupied and available space. This limited factory space and the assembly of new machines in any space that could be found meant that the inventory was often located very close to the machines. The poor production layout resulted in PBU not capturing the Japanese market as it is a well-known fact that high quality from input to output is extremely important for the Japanese.

When PBU first started 25 years ago, it was a small-scale furniture manufacturer. From time to time, PBU expanded its business with new processes, machines and technology to cater to the high demands from customers. Finally, after almost 25 years, the factory area was fully utilised. It was then that Mr

AKC realised that he needed to have a new factory with a well-designed production floor plan and equipped with fully automated machines, in line with Industry Revolution 4.0 (IR4). In addition, the new factory must have a special space for inventories to make sure the inventories will be better managed. Mr AKC had purchased land to build this new factory, but it was quite distant from the current factory. He was then forced to put the new factory project on hold, because Mr AKC faced another dilemma; if he continued to develop the factory at the new location, he would lose almost 70% of his skilled staff who were staying near the premise of the current factory and may not want to commute the extra distance to the new factory. Another constraint of relocating to this new factory was the metal and wood suppliers. Almost 80% of the suppliers were located close to the current factory, and it was convenient, whereas the new factory location would pose problems in terms of extra mileage and cost.

Based on the resources available, such as machine capacity and labour hours, PBU could not estimate its maximum capacity. Without this, PBU always faced problems in production-related decision-making. PBU also could not arrive at the best mix products that could give the company the maximum break-even point (BEP) in its production. Some other decisions, such as transfer pricing, special orders and make-or-buy decisions, were also inaccurate due to the absence of maximum capacity information. Occasionally, employees had to work overtime due to the high demand for furniture. The overtime scenario usually happened when mass-item production times clashed with customised-item production times, from May till August. Meanwhile, the months of January to March were usually the low production season.

The IR4.0 required manufacturers to embark on fully automated production using various software, such as Enterprise Resource Planning (ERP). By implementing software and using fully computer-enabled machines, Mr AKC felt that PBU could increase its capacity. He had visited fully automated factories where he witnessed production running smoothly with a proper production layout. However, PBU was not ready to implement a fully automated production process as many of its machines were not computer-enabled. For example, only two machines were computer-enabled, but these two machines could not be linked to the other manually operated machines. Furthermore, computer-enabled machines needed colossal investment, and it would take some time for PBU to automate its production process fully. Nevertheless, Mr AKC knew he would eventually have to initiate measures to move in that direction as technology seemed to be the key to survival. Still, more careful and in-depth planning was needed due to funding and factory space limitations.

4. CONCLUDING REMARKS

Since SIRIM had only recently accredited PBU, continuous training of the staff on compliance to standards was one of the major requirements. As a result, PBU established key performance indicators that each staff must attend at least five hours of training in a year.

“Tomorrow, I will go on a factory tour with one of my sons to identify the potential areas for improvement and decide suitable management training programs for my staff. There is no time to lose. I may be successful in my business, but I think I am not successful in doing the right things at the right time in terms of operations management. I don’t want my legacy to take a nose-dive or head in the wrong direction. PBU is here to stay, and I need to put measures in place to make this happen”.

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Entrepreneurial proactiveness: The key entrepreneurial trait leads to the entrepreneurial success

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Teaching Case Synopsis

This is an exemplary case of a successful entrepreneur who demonstrated entrepreneurial proactiveness in the key decisions and actions while starting and running his entrepreneurial SME. Entrepreneurial proactiveness is when an entrepreneur behaves like an agent of change. The entrepreneur named Zakaria is found to be highly enriched with the trait of entrepreneurial proactiveness, which has clearly led him to the entrepreneurial success. Out of many examples, in this case study, we chose to discuss his few major and most important proactive decisions and actions that gave him the ultimate edge in becoming successful. These decisions are mainly related to the entrepreneurial marketing, such as, proactively entering into a new niche before his competitors; proactively deciding to uplift the rural economy by making his location a tourist destination; and proactively exploring the international markets. The case holds highly valuable learning for the entrepreneurship or business students who wish to start entrepreneurial careers after completing their degrees.

Keywords: Entrepreneurial proactiveness, entrepreneurial trait, entrepreneurial success, entrepreneurial marketing, entrepreneurship education

1. INTRODUCTION

The year 2020 has passed, and the Malaysian government could not achieve the Malaysia Vision 2020, i.e., achieving the status of a developed country. One of the major reasons for not achieving this vision is the lack of strategic decision making in the higher education sector. However, the government has recently recognized the need to give much emphasis to the higher education to build a knowledge-based economy. Aiming to achieve the vision in future, the higher education authorities understand well that the entrepreneurship education (EE) is highly important as entrepreneurship generates employment, creates wealth, and stimulates developing economies (Ahmad & Xavier, 2012). Increased employment and higher earnings through entrepreneurship contribute to better national income in the form of higher tax revenue. This revenue could be used by the government to invest in other weak sectors; and public (Seth, 2017).

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Recognizing the importance of EE towards entrepreneurship development in the economy, Malaysian Ministry of Higher Education (MoHE) had taken the initiative of making entrepreneurship courses compulsory for the students at all public universities. At the same time, the students are also encouraged to take part in the numerous entrepreneurship activities, such as entrepreneurship seminars, training, short courses, conferences, and events. It was hoped that these exposures to entrepreneurship would help to develop the entrepreneurial attitudes, traits, and mind-set among the students (The Star, 2017).

Currently, the graduate unemployment rate is skyrocketing at 25% till the end of 2020 (SAYS, 2020). This is one of the indications that the EE at Higher Education Institutions (HEIs) has failed to produce significant number of successful graduate entrepreneurs. One of the reasons for this failure is, although all public universities in Malaysia offer EE, but many Malaysian universities lack explicit planning and strongly articulated EE strategies. According to the EE experts, the current pedagogies and curricula are ineffective in matching students' skill expectations with their skill acquisition, and a new approach is needed (Ahmad & Buchanan, 2015; Amjad 2020; Amjad et al., 2020a,b,c). Thus, we have conducted a case study that aims to discover a key entrepreneurial trait that could be taught and induced in the university students, which could lead them to successful entrepreneurial careers after they graduate.

To discover the new entrepreneurial trait that could be taught and induced in the university students, we have chosen a successful entrepreneurial firm Sri Lovely Organic Rice Farm for the case study. The firm is located in the Lintang Valley, Sik, Kedah. Through this case study, we found the most important entrepreneurial trait that has led the entrepreneur/owner of this firm Mr. Zakaria Bin Kamantasha to the entrepreneurial success.

Based on our case study analysis, the entrepreneur is found to be highly proactive, which is the reason he has achieved great success over the years. Thus, proactiveness is that essential entrepreneurial trait that could be taught and induced in the university students to achieve entrepreneurial success after they graduate, which would ultimately contribute to the Malaysian economy as well.

Proactive orientation drives an entrepreneur to find new consumers' needs and take initiatives with the intention of serving those needs before anyone else in order to seize the opportunities (Penpece, 2014). Thus, an entrepreneur proactively defines new market positions and quickly develops and launches new products/services using suitable marketing approaches in a competitive environment (Morris et al., 2002). Hence, entrepreneurial proactiveness is when an entrepreneur behaves like an agent of change.

The entrepreneurship students must understand the concept of entrepreneurial proactiveness in order to become successful entrepreneurs in future similar to the entrepreneur of Sri Lovely Organic Rice Farm who has been found practicing entrepreneurial proactiveness from the beginning of his business venture. His entrepreneurial proactiveness is clearly shown in his decisions and actions related to entrepreneurial marketing. These proactive decisions and actions have helped him greatly in achieving his entrepreneurial success.

2. BACKGROUND OF THE INDUSTRY

Organic farming refers to a production system that avoids the use of synthetic fertilizers, pesticides, hormones, and antibiotics. To control weed and pests, plant-based pesticides, and enzymes are chosen over insecticides and chemicals (Mokhtar, 2014). Thus, it uses natural biological systems, physical and mechanical methods, or the use of bio-pesticides. These measures will ensure the protection of the health of people, soils, environment and the ecosystems (Othman, 2012). In Malaysia, organic farming is monitored by the Ministry of Agriculture and Agro-Based Industry Malaysia under Malaysia Organic Scheme (MOS) which was launched in 2002 to regulate the organic plantation in Malaysia (Suhaimi et al., 2016).

Malaysian local organic food industry is yet to be grown and advanced, as 60% of the organic food in the country is imported. However, the number of organic rice farms in Malaysia is currently on the rise. In 2009, the Ministry of Health in Malaysia has revised the food regulations of 1985 to guarantee the food products that are labeled with the word “organic, biological, ecological, or bio-dynamic” meet the terms with the labeling requirements of the Malaysian Standard MS 1529:2001, which is, “the production, processing, labelling and marketing of plant-based organically produced foods”. It implies that any organic labeled agricultural product must be MOS certified (KPIAT, 2017).

Since 2003, more than 170 farms have applied for organic labels, however, only 28 organic farms could achieve the rights of using organic labels by aligning their systems with the organic production regulations by the Malaysian government (KPIAT, 2017). This makes only 0.01% of Malaysia’s total agricultural land area which is used for the organic plantation, which clearly shows the organic rice market as an untapped niche.

3. BACKGROUND OF THE CASE ORGANISATION

Sri Lovely, an organic rice farm was established in 2008 in Lintang Valley, Sik, Kedah, by Mr. Zakaria Bin Kamantasha who is the entrepreneur, owner and manager. The farm measures the area of nine hectares and consists of 24 paddy plots, two vegetable gardens, one goat’s shelter, ten bamboo bungalows, tenting outdoor areas, three godowns for storing rice and machines, one processing plant, one hall, one kitchen, and a common area including gallery and library. The farm employs 12 to 15 employees and is integrating the System of Rice Intensification (SRI) while planting organic rice without the application of chemical pesticides and fertilizers. SRI is a set of organic farming principles that help to increase per plant productivity and improve plant and soil health yet reducing external inputs, such as water and seeds.

At Sri Lovely farm, the major activities that take place are planting, harvesting, processing and educating about the organic rice farming. As Sri Lovely follows SRI principles, these include eight specific steps of planting and harvesting rice. These steps are: seed selection, seed germination, land preparation, planting the rice seedlings, weeding, composting and organic fertilizers, harvesting, and packaging the rice. At Sri Lovely, four different varieties of rice are grown, which are, Adan rice, MRQ 74, Lovely rice, and Ruby rice. These rice are available as three types which are brown rice (unpolished rice), white rice (polished rice), and red rice (unpolished for Ruby rice). Sri Lovely also organizes conferences and invites farmers, education professionals, researchers, doctors, indigenous people, and activists from around the world to share and discuss the best practices of organic farming. Sri Lovely is also promoting

ecotourism as this farm is equipped with related facilities, and the location and beauty of Lintang Valley makes this as an exotic recreational place for tourists.

In 2016, Sri Lovely offered an international volunteer's program in which the volunteers from around the world came and stayed at Sri Lovely while learning about organic rice farming and the culture and tradition of Malaysia. Today, Sri Lovely has been established for over 12 years and it has successfully maintained its excellent reputation as it has received many awards/certifications in Malaysia while promoting organic rice farming worldwide.

4. ENTREPRENEURIAL PROACTIVENESS OF ZAKARIA

The entrepreneurial proactiveness of Zakaria could be seen and understood with the help of few examples where he took key decisions and actions proactively. He started his organic rice business during the time when the competitors were rarely found in this niche. Aiming to provide healthy and high-quality food to the consumers, he saw a wide gap in the organic rice market. Thus, his proactive decision and action of starting the organic rice business certainly gave him an edge to significantly capture this niche. Although the awareness about organic rice was also low among the targeted customers at that time, Zakaria was never bothered by that and entered into this new niche proactively by seeing this as an opportunity. His strategy was to educate the public about the benefits of consuming organic rice. As the public becomes aware, they usually prefer to buy his brand of rice as there are not many options available in the market. This strategy has worked effectively, and hence, the entrepreneurial proactiveness has paid him well.

Being a big farm owner in his area i.e., Lintang Valley, Sik, Zakaria proactively decided to uplift the rural economy in the area even before the government had focused on its development. He proactively identified the potential of Lintang Valley as an attractive tourist place. This proactive identification led him to open a tourist resort within his rice farm. Thus, his proactive identification and decision has resulted in the opening of one of the first tourist spots and resorts in the area. Moreover, due to the efforts aimed at uplifting the rural economy in the area, he has earned a fair amount of goodwill and support from the local people living in the area. People were found happy, and consequently, willing to share their resources with Zakaria, for example, he has acquired all the land on lease from a number of local people. This would have not been possible if Zakaria had not come up proactively with the mission of uplifting the rural economy. Hence, once again the entrepreneurial proactiveness has made him achieve the entrepreneurial success.

Another example of proactiveness shown by Zakaria was during the early phase of his business when he realized that the awareness about organic rice is extremely low in Malaysia, due to which, the product also has a low demand. Being a small business owner, it was beyond his financial capacity to do massive advertising to increase the product awareness. Thus, besides educating the Malaysian people about the benefits of organic rice, he also chose another smart and low-cost path alongside, i.e., he proactively started exploring the international markets. This proactive decision helped him greatly to survive and grow his business.

To enter into the international markets, at first, he proactively started networking internationally. He broadened his entrepreneurial network by including entrepreneurs, researchers, policy makers, and academicians from different countries. Consequently, he

received many invitations to attend international conferences in many countries. He exploited all such opportunities and proactively engaged with the international community, particularly the entrepreneurs and trading firms. Moreover, he has also been proactively engaged in business tours to various countries. As a result, he successfully received many orders from different countries for his organic rice. Hence, his proactive engagement in the international markets helped him survive and grow despite low demand of organic rice in Malaysia.

5. CONCLUSION

Zakaria is a great example of a successful entrepreneur who has demonstrated entrepreneurial proactiveness in the key decisions and actions while starting and running his entrepreneurial SME. He found to be highly enriched with the trait of entrepreneurial proactiveness, which has clearly led him to the entrepreneurial success. In this case study, we discussed his few major and most important proactive decisions and actions that gave him the ultimate edge in becoming successful. These decisions are mainly related to the entrepreneurial marketing, such as, proactively entering into a new niche before his competitors; proactively deciding to uplift the rural economy by making his location a tourist destination; and proactively exploring the international markets. The current case study holds highly valuable learning for the entrepreneurship or business students who wish to start entrepreneurial careers after completing their degrees. The entrepreneurship educators at HEIs must also understand and recognize the importance of entrepreneurial proactiveness, and take measures to induce this in the students. Equipped with the trait of entrepreneurial proactiveness, the graduates would be able to become successful entrepreneurs and create employment in the Malaysian economy, and thus, could help Malaysia to achieve the status of a developed country.

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De Olive Northern Hub: Buy Versus Rent Analysis

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Teaching Case Synopsis

This is a decision or unfinished case study under the niche area of financial analysis and policy. It is about Noor Aziah, the owner of De Olive Northern Hub, who wanted to move her business from current location to a nearby shophot. She was in a dilemma to choose between two shophots. Both had similar size and design, but came with different offers; one was for rent and the other was for sale. Considering the current situation of her business and financial condition, Noor Aziah was very worried that she might make a wrong decision. She was aware of all the costs involved in renting a commercial property such as security and utility deposits, the tenancy agreement fees, government's stamp duty and agent's fees. At the same time she was also mindful of the costs involved in buying a property such as downpayment, valuation fees, legal fees, agent's fees, insurance, loan instalment and interest. Thus, this case was designed to analyse and discuss the current situation of Noor Aziah's business, to explain the financial and non-financial risks that she might face and finally, to come out with a suggestion on either to buy or rent the commercial property.

Keywords: commercial property, cost analysis, rent, situational analysis

1. INTRODUCTION

Noor Aziah Abdul Ghani, a tenant of one of the pushcart kiosks in Tesco Jitra felt very upset when she received a notice from the management of the hypermarket. "The rental going to increase again next year," she sighed. She has been renting the pushcart kiosk since 2015 to sell the Olive House products. Noor Aziah believed that renting a pushcart kiosk in the hypermarket building was the most practical and affordable option for her business. This is especially when the Olive House products were new in the market. Thus, by selling the products from a pushcart kiosk, in a high traffic public area would give her a prime access to the consumers. The consumers, who were in the mood of shopping had to walk past her pushcart kiosk and could not help but to see her products. Selling products from the pushcart kiosk also enabled her to provide highly personalized services to the consumers. The size of the pushcart kiosk which was about 3' x 6' was suitable enough to place all of the Olive House products.

However, the rental of the pushcart kiosk increased almost every year. "The rental had increased more than 200% since the first year I rented the pushcart kiosk", said Noor Aziah to herself. Then she thought of her Olive House products business. Previously, there were very limited sellers of the products in Kedah. She had become the main distributor of the products for Alor Setar and Jitra market for quite some time before other distributors started to join the market. Today, the market of Olive House products had grown. There were a lot of sellers selling Olive House products in Alor Setar and Jitra. Some of them opened-up a store and some selling the products via online. This situation had created a competitive market for selling Olive House products in Alor Setar and Jitra.

"The sales of the Olive House products were not consistent, the management of Tesco had been very strict in terms of the operations of the pushcart kiosk and the longer operational hours required by Tesco

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had increased my overhead costs” she said to herself. “I need to do something, I should move my business elsewhere” she decided. At home, she informed her husband of her decision. She remembered seeing two available shops at Jitra 2; one was for rent and another one was for sale. The shops were about 500 meters from Tesco Jitra. “What do you think, dear? Should I buy or rent the shop?” she asked her husband. Her husband looks at her and said “we have to think carefully before making decision dear. Let give ourselves a few days to think about it,” he said again. “Yes, we need to think carefully before we make decision” she agreed. “However, we have to decide fast, dear.... Now is October 2018, so we only have two months before the new year” Noor Aziah reminded her husband. “Yes, I agree with you, the new rental rate will be effective in January 2019. So, let’s gather as much information as possible, then by next week we will sit together and make a decision” her husband suggested to Noor Aziah. “Yes, let’s do it,” replied Noor Aziah.

2. BACKGROUND OF THE CASE ORGANISATION/COMPANY

The Olive House business started when the founder of the company, Mohd Aidil Azwal Zainudin, went to Al Azhar University, Egypt, to further his study at Bachelor’s and Master’s level in Shariah and Law in 1998. While there, he was inspired by the culture of olive nutrition in the diet of the local people, known as the Mediterranean Diet. Based on his observations, he found that consumption of olive oil had a very good impact on the health of the people in the Middle East, especially for the heart. Since then, he determined to bring the olive oil products back to Malaysia. With a capital of RM400, he bought four cans of olive oil from Syria and 400 empty bottles. He did all the processes himself, from bottling the oil, labelling, promoting and selling the olive oil. All of the works were conducted in his house in Alor Setar, Kedah.

His hard work paid off. His Olive oil had received an encouraging response from the local community. Within a year, the demand for his olive oil product had increased rapidly; up to 5000 bottles per month. However, due to the limited number of staff and space for production, Mohd Aidil was unable to meet the high demand. He then decided to outsource the production of the olive oil to a manufacturer, known as Gesundheit Marketing. The overwhelming demand of the olive oil had encouraged Mohd Aidil to move forward by setting up a sole proprietorship company under the name of Olive House Resources in 2011. In 2014, Mohd Aidil changed the company to a private limited company under the name of OHR Marketing Sdn Bhd.

Holding to the motto “We Begin With Nature”, Mohd Aidil expanded his business from producing only Olive oil, to a company focusing on producing organic products from “Quranic food” based natural plants. Among the products were organic dried tin fruit (dried fig), tin fruit vinegar, pomegranate juice, Olivie 30 olive oil essence, hill salt and clove toothpaste (refer to Exhibit 1). The company had also ventured into beauty products by producing olive-based serum and mist. The objectives of the company were to become an entity that marketed high quality natural and organic foods, foster a culture of consumption of scientifically proven health products and to create economically and knowledgeable entrepreneurs. To achieve the objectives, the company recruited several agents to sell the products directly to end-user retail consumers. The agents were given a formal coaching from the company on the details of the products, business model, promotion and marketing through seminars and talks. A variety of rewards were offered to agents with high sales such as 30% profit margin for a senior official agent, cash bonus and trips to oversea.

2.1 DE OLIVE NORTHERN HUB

Enticed with the opportunities offered by OHR Marketing Sdn Bhd, Noor Aziah registered as one of the Olive House agents in June 2015. Together with her husband and a staff, Noor Aziah started her Olive House business in Tesco Hypermarket Jitra. Staying in Taman Suria, Jitra, the hypermarket was only about 10 minutes drive from her house. The Tesco hypermarket was located in the heart of Jitra and a very popular place to buy groceries. As Jitra is the fourth largest town in Kedah after Alor Setar,

Sungai Petani and Kulim, with about 254,200 population (Statistic Department of Malaysia, 2020), Noor Aziah felt that the market is suitable enough for her newly business. Thus, she decided to start her business at the hypermarket by renting a pushcart kiosk. The pushcart kiosks with the size of 3' x 6' was big enough to place all of her Olive House products. The pushcart kiosk was located at one of the walkways in the Tesco building and near to the entrance of the hypermarket. Noor Aziah was very happy with the location of her pushcart kiosk. She felt that the location was very strategic as the walkways guarantees high foot traffic from shoppers and will encourage impulse buying. The Tesco management charged her RM650 per month for renting the pushcart kiosk and she was required to operate her business as early as 9 am and may close at 7 pm.

Noor Aziah received an overwhelming response for her Olive House products, especially the Olivie Plus 30x. A lot of customers were very excited to learn about the effects and impacts of the product which can be consumed everyday and direct into the mouth. As a result, within five months (August – December 2015) operating in Tesco Jitra, Noor Aziah managed to have sales of RM25,000. In 2016, taking the opportunity of being the sole agent of Olive House products in Jitra, Noor Aziah heightened her sales strategies. Consequently, her sales escalated to RM110,000 for that year. Then in 2017, Noor Aziah realised that there were two Olive House agents opened up their stores in Jitra. Renting a shoptlot, the agents were able to offer a more convenient shopping space to the customers, showcase Olive House products in a more attractive ways and provided a more personal interactions with the customers. The larger space also allowed the agents to decorate their store in a very attractive way. However, despite the competition from the two agents, Noor Aziah still managed to increase her sales for that year. Her sales for 2017 was RM170,000; an increased of 54.5% compared to the previous year. In 2018, the sales of her Olive House products increased to RM220,000.

In 2016, Tesco Jitra had introduced a new guideline for all kiosks business in its building. The new guideline required all kiosks to operate business from 9am to 9pm instead of 9am to 7pm previously. At the same time rental for the pushcart kiosks was also increased from RM650 per month to RM750 per month. In order to cater for the longer operating hours, Noor Aziah had hired one more staff to take care of the pushcart kiosk. The new hiring had compelled Noor Aziah to rearrange the staff's duty schedules, conduct trainings and pay allowances, other than the monthly salary of the staff. In 2018, Tesco Jitra had made a drastic decision by increasing the rental of the pushcart kiosks from RM750 to RM2,000 per month. The sharp increase in the rental, the higher operating costs and the existence of competitors in Jitra market had induced Noor Aziah to look for other alternatives in order to stay competitive. She was thinking of moving out from Tesco Jitra and to operate her business in a shoptlot which had a bigger space. She believed that her business would do well in the new place and had planned several strategies for her business.

As a first step, she went through all the procedures imposed by Olive House for agents who wanted to open a store, to sell the Olive House products. She found that one of the requirements was for the agent to register a business under her or his name. Determined with her decision to sell the Olive House products from a store, she went to Companies Commission of Malaysia (SSM) and registered a business, name as De Olive Northern Hub. Next, she started looking for a suitable and strategic shoptlot for her business. She remembered seeing two available shoptlots in Jitra; one was for sale and another one was for rent. The location of the two shoptlots were near to each other. Even the size and layout of the shoptlots were similar. Based on the advertisement posted by the property agents, the price of the shoptlot for sale was about RM550,000 while the one for rent, the rental price was RM1,500 per month. "If I rent the shoptlot, then it won't involve a lot of procedures, but I will spend my money for something which is not mine (refer to Exhibit 2 for costs involve in renting a commercial property in Malaysia). If I buy the shoptlot, it involves a lot of procedures and money (refer to Exhibit 3), then I have to apply for a bank loan. Is it difficult to apply for a commercial property loan?" asked Noor Aziah to herself. Thinking of the two shoptlots, Noor Aziah was in a dilemma. She stared at her profit and loss statement and said to herself "should I buy or rent the shoptlot?"

The profit and loss statement of Noor Aziah's company, known as De Olive Northern Hub, for the year 2015 to 2018 were as follows:

Table 1: Profit and Loss Statement of De Olive Northern Hub for the year ended Dec 2015-2018

Items	2015 RM	2016 RM	2017 RM	2018 RM
Sales	<u>25,000</u>	<u>110,000</u>	<u>170,000</u>	<u>220,000</u>
Gross profit	12,500	55,000	85,000	110,000
(-) Expenses:				
Wages	3,000	7,200	24,000	24,000
Rental	3,250	9,000	9,000	24,000
Other expenses	1,500	2,000	2,500	3,000
Taxes	0	7,315	11,305	14,630
Net profit	4,750	29,485	38,195	44,370

3. CLOSING PARAGRAPH / CONCLUDING REMARKS

Based on the information gathered, Noor Aziah must conduct a 'situational analysis' of De Olive Northern Hub in order to help her making the right decision. She must be able to identify the advantages and disadvantages of buying versus renting a commercial property. The most important thing was to compute the initial cash outflows of the buying decision if she decided to take a full loan to buy the commercial property.

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Exhibit 1: Olive House products



Source: <https://olivehouse.my/>

Exhibit 2: The costs involved in renting a commercial property in Malaysia.

Upfront costs and recurring costs:

1. Upfront costs

- Earnest deposit
 - Upon deciding on a property, a tenant will need to pay an upfront amount of money, to 'book' the property.
 - The amount of the upfront payment is usually equivalent to one-month rental.
- Security deposit
 - Payment made by a tenant to the landlord with the purpose of protecting the landlord against:
 - any damage caused by the tenant
 - tenant who moved out from the premise without notice
 - The amount of the security deposit is usually equivalent to two months of the rental
- Utility deposit
 - In the case that tenant default on the utility bill payment, landlord will deduct the cost from this deposit.
 - The amount of the deposit is usually equivalent to one-month rental.

2. Recurring costs

- Monthly rental payments
 - Tenant needs to pay the rent monthly.
- Utility bills
 - Tenant needs to settle all the utility bills monthly.

Source: <https://www.propertyguru.com.my/property-guides/renting-a-property-deposits-recurring-costs-tenancy-agreements-and-responsibilities-6951>

Exhibit 3: The costs involved in buying a commercial property in Malaysia.

1. Down payment

- The maximum loan allowed for commercial property is only 80%. Thus, the buyer needs to pay a minimum of a 20% down payment.
- Unlike purchasing a residential property where the buyers are allowed to withdraw money from their EPF Account II to pay for the property, commercial property buyers are not allowed to.

2. Valuation Fees and Costs

- The valuation fees and cost are charged based on the tiers below as of 2017:
 - For the First RM100,000 – 0.25%
 - Next residue up to RM2,000,000 – 0.20%
 - Next residue up to RM7,000,000 – 0.20%
 - Next residue up to RM15,000,000 – 0.167%
 - Next residue up to RM50,000,000 – 0.10%
 - Next residue up to RM200,000,000 – 0.067%
 - Next residue up to RM500,000,000 – 0.05%
 - Next residue over RM500,000,000 – 0.05%

3. Real Estate Agent's Fees

- For a subsale commercial property, the buyer may need to pay for real estate agent fees of approximately 2% to 3%
 - Where 2% is the norm and 3% is considered to be high.

4. Sale and Purchase Agreement Fees (a.k.a. SPA, SNP or S&P)

- The charges for the S&P agreement are as follows:
 - For the First RM500,000 – 1.0% (Subject to a minimum fee of RM300)
 - For the Next RM500,000 – 0.80%
 - For the Next RM2,000,000 – 0.70%
 - For the Next RM2,000,000 – 0.60%
 - For the Next RM2,500,000 – 0.50%
- Other charges
 - Professional legal fees are to be inclusive of 6% government tax

5. Stamp duty on Memorandum of Transfer (MOT)

- This is a payment for the transfer of the property's title from the seller to the buyer
- For the first RM100,000 – 1.0%
- For the next RM500,000 – 2%
- RM500,001 and above – 3%

6. Loan Agreement Legal Fees

- The range are as follows:
 - For the first RM500,000 – 1.0% (Subject to a minimum fee of RM500.00)
 - For the next RM500,000 – 0.80%
 - For the next RM2,000,000 – 0.70%
 - For the next RM2,000,000 – 0.60%
 - For the next RM2,500,000 – 0.50%
- Stamp duty for the legal fees - 0.5% of the loan amount.
- Other charges
 - Professional legal fees are to be inclusive of 6% government tax

- The other costs that property buyers will need to anticipate when purchasing a commercial property:
 - Mortgage Reducing Term Assurance (MRTA) / Mortgage Level Term Assurance (MLTA)
 - Fire insurance
 - Loan Instalment
 - Interest
 - Utilities deposit (electricity and water)
 - Repair or renovation costs

6. Other costs

- Utility bills
 - The utility bills for commercial property are usually approximately 30% higher than residential property.
- Assessment fees
 - The assessment fees for commercial property are approximately 2.5 times the rates of residential property. Assessment fees are charged twice a year.
- Quit Rent
 - The quit rent for commercial property is approximately 2.5 times the rates of residential property, and will be charged once a year.
- Internet rates
 - The price of Unifi for commercial property are almost double the rates for residential property.
- Astro packages
 - If the business requires cable TV connection, applying for an Astro package for commercial property will cost almost double than the residential rate.

Sources: <https://www.propertyguru.com.my/property-guides/the-complete-guide-to-buying-new-subsale-or-commercial-property-in-malaysia-6903>

Financial planner helping client in making decision to purchase life insurance

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Teaching Case Synopsis

This teaching case is about a licensed financial planner called Jason (the case protagonist) trying to guide his client, Irene, a matured woman (aged 55 years old) who has no specialized knowledge about life insurance to make a decision whether she should purchase the life insurance promoted by an agent. In doing so, Jason will have to explain to Irene, the costs involved and the benefits provided by life insurance. He will also help his client to identify her need for life insurance. As such when Jason had equipped Irene with the necessary knowledge, she would be able to make a decision in purchasing life insurance that is in line with her need. This teaching case is a decision case in the niche area of economic and financial analysis. It requires the case users (taking on the role of a financial planner) to apply their knowledge about life insurance, weighing on the cost of life insurance, the benefit provided by life insurance and the need for life insurance, in the process of making decision in purchasing life insurance.

Keywords: Life insurance, insurance cost, insurance benefit, need for insurance

1. INTRODUCTION

On 9 March 2019, Jason, the licensed financial planner at Rainbow Wealth Management (RAINBOW) was ready to meet Irene, the client who came into his company yesterday to seek his advice. Irene, a woman aged 55 years old, was urgently needing advice on whether she should purchase the life insurance promoted by an agent in view that the time was drawing near for the agent to get a reply from her. During their initial meeting, Jason noticed that Irene did not understand the costs involved and the benefits provided by the life insurance promoted to her. Furthermore, she was not aware of the need why she had to purchase life insurance. As such she was not able to make a decision whether she should purchase the life insurance promoted to her. In the coming meeting with Irene afterwards at 2.30 pm, Jason was going to do the following: (i) to explain to her the expected costs in terms of the insurance premium she had to pay, (ii) to show her the expected benefits provided by life insurance in terms of surrender value, death benefit and maturity benefit, and (iii) to help her to identify her need for life insurance. When Irene had been provided with the necessary information, Jason was confident that Irene would be able to make the decision whether she should purchase the life insurance promoted by the agent.

2. COMPANY BACKGROUND OF RAINBOW WEALTH MANAGEMENT (RAINBOW)

Rainbow Wealth Management (RAINBOW) was formally registered on 11 October 2017. RAINBOW was a licensed financial planning service provider holding the Capital Markets Services Licence (CMSL) issued by the Securities Commission (SC) of Malaysia. The company was also a Human Resources Development Fund (HRDF) registered training provider under Human Resources Development Berhad (an agency in the Ministry of Human Resources Malaysia). As such RAINBOW was a training vendor to the HRDF registered employers.

Providing financial planning and advisory services to corporations and high net worth individuals with a diversified range of financial products and services had been the main business activities of

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RAINBOW. These business activities were being carried out through its eight principal divisions, namely (i) financial planning consultancy division, (ii) investment and wealth advisory division, (iii) risk advisory and insurance planning division, (iv) estate and trust management division, (v) tax and principal finance services division, (vi) private client services division, (vii) corporate and employee benefits consultancy division, and (viii) professional education and research services division.

RAINBOW's core management team responsible for the daily operations of the company in driving business growth and service excellence was led by a chief executive officer (CEO) and five senior partners. All of them owned the Capital Markets Services Representative's Licence (CMSRL). They were licensed financial planners and experienced advisors in wealth management. They had vast experiences in guiding their clients through the entire financial planning process to help them in determining their financial goals taking into account their available financial recourses in line with the company's 5W total wealth concept on (i) wealth creation, (ii) wealth protection, (iii) wealth accumulation, (iv) wealth preservation, and (v) wealth distribution.

3. INITIAL MEETING BETWEEN JASON AND IRENE

On 8 March 2019, Jason had the chance to serve Irene who came into RAINBOW to seek professional advice on matters related to life insurance. Irene had visited RAINBOW in the past. She was a full-time housewife living together with her husband in the nearby residential area. Her husband was now drawing on government pension since he had retired from being a teacher in a primary school in the town they lived in. Irene had two grown-up children. Both of them are financially independent. They had their own families living separately from Irene but in the same town.

Upon seeing Irene walking towards his work-station, Jason quickly stood up to greet her.

Jason: Good morning, Irene. Is there anything that I can help you?

Irene: Good morning, Jason. I get attracted to a life insurance promoted by an agent. The life insurance is designed specifically for senior citizens. I am not sure whether I should purchase it or not, so I need your advice.

Jason: Oh about purchasing insurance In this matter, due consideration should be given to assess whether the life insurance can serve your need or not. May I know what kind of life insurance is it?

Irene: The life insurance is a 25-year protection cum savings plan. So, the agent said the life insurance will pay out money in both situations regardless of whether the insured person dies during the policy term or is still alive at the end of the policy term. This sounds attractive.

However, Irene indicated to Jason that she was sort of difficult to figure out the amounts of money the life insurance would pay out in different situations.

Irene: The agent said upon death, the amount of money the life insurance will pay out depends on the nature of death and when the death occurs. For non-accidental death that occurs within the first two policy years, the policy will only refund all premiums paid without interest. After the second policy year, the policy will pay the higher amount of either basic sum assured or total premium paid without interest. On the other hand, for accidental death that occurs in any policy year, the policy will pay the higher amount of either basic sum assured or total premium paid without interest. (Refer to Exhibit-1)

After taking a breather, she carried on to describe further, ‘Should accidental death occur, an additional percentage of basic sum assured will be payable based on the insured person’s age. It is an additional 300% of basic sum assured when the insured person dies at ages between 45 and 64 years, while it is an additional 150% of basic sum assured when the insured person dies at ages between 65 and 80 years.’ (Refer to Exhibit-2)

Pausing for a while, Irene continued, ‘If the insured person is still alive at the end of the policy term, the life insurance will pay out money at 108% of the total premium paid without interest.’

Jason: Mmm ... May be I can help make it clear to you. Based on your descriptions just now. There are three different situations that the life insurance will pay out money: when non-accidental death occurs, when accidental death occurs and when the policy has matured. In the first case, when non-accidental death occurs, the life insurance will pay out non-accidental death benefit. In the second case, when accidental death occurs, the life insurance will pay out accidental death benefit. In the third case, upon policy maturity, the life insurance will pay out maturity benefit. However, the amounts of benefit payable under these three different situations are not the same.

Jason continued his explanation, ‘There is one more situation ... As a policyholder, if you do not want to keep your life insurance anymore, like at time of emergency when you need money urgently, you can surrender your policy back to the insurance company. In this case, the life insurance will pay out money called surrender value.’

Jason: Irene, did the agent provide you anything that you can refer to?

Irene replied instantaneously, ‘Oh yes ... The agent gave me something.’ Immediately, Irene passed a stack of A4-sized papers to Jason.

Upon receiving the papers from Irene, Jason said, ‘Good ... The agent has provided you the policy illustration. From here, I can see that the agent has proposed you to purchase RM52,912 of life insurance. This amount is called basic sum assured. The annual premium is RM2,857.25 payable for 25 years. The information about non-accidental death benefit, accidental death benefit and surrender value (refer to Exhibit-3) are shown on this page. In the following page, there is information about the amount of maturity benefit.

Jason suddenly raised his head and looked at Irene. He started to ask, ‘This life insurance is promoted to you by an agent. The various benefits provided look attractive to you, and you can afford to purchase this life insurance but ... have you ever stopped for a while to think why you need this life insurance ... because of its protection element or its savings element?’

Irene looked blank and was not able to answer Jason. Jason quickly responded to comfort Irene, ‘Don’t worry. I will help you and guide you through. Let me have some times to carefully study the contents of the policy illustration first. When will you want to come back to RAINBOW?’

Irene indicated that she would want to meet Jason again the next day at 2.30 pm because the agent would contact her soon to get a reply from her whether she would be interested to purchase the life insurance.

Jason agreed and said, ‘No problem, Irene. We shall meet again tomorrow at 2.30 pm and I will explain the contents of the policy illustration to you thoroughly.’

4. CLOSING PARAGRAPH

The time was ticking and it was about 2.30 pm on 9 March 2019, Jason was ready to meet Irene again to explain the following: (i) the amounts of annual premium and total premium she had to pay for the life insurance promoted by the agent, (ii) the amounts of cash surrender value she would expect to receive if she had to terminate the policy before its maturity, (iii) the amounts of non-accidental death benefit and accidental death benefit the beneficiary would expect to receive for death occurring during the policy term, and (iv) the amount of maturity benefit she would expect to collect if she could keep the life insurance until its maturity. Besides the above, Jason would also try to help Irene to identify her need for life insurance.

EXHIBITS

Exhibit-1: Amounts Payable for Non-Accidental Death Benefit and Accidental Death Benefit

Non-Accidental Death Benefit	
Policy years 1 & 2	Refund of all premiums paid without interest
Policy years 3 & above	The higher amount of either basic sum assured or total premium paid without interest
Accidental Death Benefit	
Any policy year	The higher amount of either basic sum assured or total premium paid without interest

Exhibit-2: Additional Percentages of Basic Sum Assured Payable for Accidental Death

Age of the Insured Person	Additional Percentage of Basic Sum Assured
45 to 64	300%
65 to 80	150%

Exhibit-3: Guaranteed Surrender Values

End of Policy Year	Guaranteed Surrender Value RM
1	0
2	873
3	1,518
4	2,354
5	3,386
6	4,619
7	6,074
8	7,756
9	9,688
10	11,884
11	14,386
12	17,196
13	20,334
14	23,820
15	27,699
16	32,006
17	34,874
18	37,953
19	41,234
20	44,647
21	49,442
22	54,562
23	59,934

24	65,556
25	71,431

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Transformation of “Pusat Tuisyen Fikir Aras Tinggi” For Online Learning : Is Mr Ahmad Ready ?

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Teaching Case Synopsis –

Mr. Ahmad, the owner of Pusat Tuisyen Fikir Aras Tinggi (PTFAT), needed to come out with the right business strategies to ensure the survival of his tuition center. He had to make numerous decisions in mind. Mr. Ahmad was required to make sure that the business operations were efficient and sustainable. In addition, he had to understand in-depth the risks associated with the tuition business. Mr. Ahmad needed to set the new strategy on persuading the parents to maintain their tuition center since the pandemic to achieve the breakeven level. Mr. Ahmad also had to plan how to meet the parents’ demands while maintaining the quality of the service of the tuition centre and making a profit from the digital platform. Within the three strengths that he identified, tutors’ readiness, tutoring centre readiness, and students’ accessibility, the announcement by government time by time would also influence his decision towards the center’s survivability and meet the parents’ demands for the business. This case follows whether Mr. Ahmad would be able to maintain and sustain his business even there is no more UPSR since 2020, and how can PTFAT accommodate the need by parents in ensuring their kids’ s academic and soft skill performance.

Keywords: Tuition Centre, Tutoring Centre, Acceptance, Readiness, Pandemic, COVID-19

1. INTRODUCTION

Mr. Ahmad Baahir, the founder and owner of Pusat Tuisyen Fikir Aras Tinggi (PTFAT), nervously paced around his premise, wondering how he would meet his customers’ demands. As he gazed at his watch, it seemed like time was ticking by ever so fast. With beads of sweat trickling down his forehead, Ahmad realised that it would be near to impossible to ensure his sustainability for this business with his monthly profit from his business. He continued to pace up and down, wondering how he could overcome this shortcoming, and hoped for nothing short of a miracle. Since UPSR has already been abolished due to the COVID-19 pandemic, the

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parents may start to stop sending their kids to his PTFAT since they tend to focus on online learning from their school teacher. To overcome this problem, he has to switch the previous aim in ensuring excellence in UPSR to polish the soft skill. Dissatisfied parents often do not pay the fees, keep silent, and do not send their kids anymore. Mr. Ahmad sighed, "It is hard to maintain the business since he is not training his tutor in a very positive approach. Besides, Mr. Ahmad needed to battle in this competition intuition services, especially given that the center had already started in the digital platform.

However, he is not giving up, and he tries to sit down and write all the strengths and opportunities for his business in coping with this dilemma. First, he identified that the tutors are totally from excellent teaching backgrounds who engaged under the Ministry of Education. Mostly here, the tutors are focusing on essential topics and guide more on answering the questions skills. Every year since 2017, almost 50% of students are getting excellent grades in school exams, specifically Ujian Penilaian Sekolah Rendah(UPSR). However, when the COVID-19 Pandemic was boosting up since 18 Mac 2020 and Movement Control Order(MCO) (New Straits Times,2020a) was imposed, it was affected all over the economics a lot. Mr.Ahmad, as education entrepreneurs, also got this impact directly from this pandemic. Yes, it was such a painful reality. As he knows, children and old aged people had been the most concern to all as they might be infected easily. The challenges started when PTFAT have to close from 18 Mac 2020 until 31 August 2020. Firstly, Mr. Ahmad asks to initiate online learning on Mac 2020 after the announcement of MCO, but it doesn't work. So, they stop online classes by the end of April'2020. Eventually, it was a complicated situation. Mr. Ahmad still remembers that he was so anxious about this situation. He also has several management staff, where he has to pay their salary even he cannot running the business. In addition, the demand for tuition also dropped drastically when the Ministry of Education had announced the public examination for standard 6, Ujian Penilaian Sekolah Rendah(UPSR), which was canceled the previous year in 2020.

As a business owner, Mr. Ahmad has to make intelligent and prompt decisions as soon as possible to ensure the survival and continuity of the services of PTFAT. Such decisions are needed urgently following issues such as:

- (1) Non-payment of fees by parents following the absence of students from tuition classes - this inherently impacts the affordability of PTFAT to meet the ends' needs of the tuition center, including the operating costs.
- (2) Readiness of tuition center teachers to engage in online learning - this includes the teachers' de-skilling and re-skilling of new tools and applications to facilitate online teaching and learning
- (3) Readiness and willingness of students and respective parents to engage in online learning - this includes factors such as lack of confidence on the part of parents to adopt online learning, coupled with the cancellation of UPSR for the year 2020, which diminishes the interest of students and parents to take up tuition lessons.

Among the alternatives that PTFAT could take in this dealing with this situation are:

- (1) To resort to fully online learning for the respective tuition lesson
- (2) To maintain face-to-face lessons with a minimal number of students and full observance of COVID-19 standard operating procedures
- (3) To propose hybrid face-to-face and online lessons
- (4) To find an alternative business model to top-up the income of the tuition center
- (5) To close the business temporarily and accede to the impacts of the COVID-19 pandemic.

2. BACKGROUND OF THE INDUSTRY (ONLY IF APPROPRIATE TO THE CASE)

3. BACKGROUND OF THE CASE PUSAT TUISYEN FIKIR ARAS TINGGI

Pusat Tuisyen Fikir Aras Tinggi (PTFAT) is a private education institute registered with the Jabatan Pelajaran Negeri(JPN), Penang, and located in Bertam Perdana City Centre, Kepala Batas, Penang. Mr. Ahmad owns this private education institute. This center operates in 2 store lots (upstairs only). Tuition classes for students in standards 4, 5, and 6 only offered four significant subjects: Bahasa Melayu, English, Mathematics, and Science. PTFAT only operates three days a week at night only from 8 pm to 10.30 pm. A total of 103 students were registered as updates on 15 March 2020, before the government had imposed Movement Control Order (MCO). PTFAT does not have its own subject module and paid staff to teach subjects. Modules and teaching are done by the teachers who are employed to teach their subjects. Till this moment, PTFAT is playing a role as a marketing, operational, and business management institute. Previously, this centre started as a motivation program centre, 'Akademi Membangun Potensi Anak Cemerlang' in 2011, known as AMPAC Bertam (AMPAC 2019) before Mr. Ahmad Baahir decided to upgrade as tuition centre in 2017. The demand arose from the community for this tuition service and boosted up the motivation of the owner to provide the tuition service for the community.

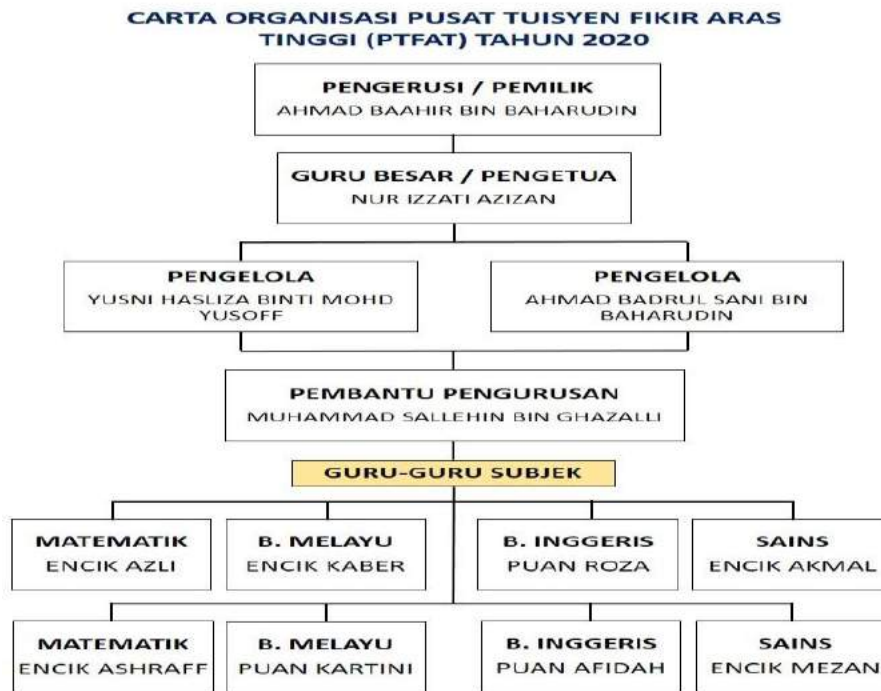


Figure 1. Organizational structure of PTFAT.

4. BACKGROUND OF ISSUE

MCO was imposed on 18 March till 9 June 2020 and continued as RMCO (Recovery Movement Control Order) till 31 December 2020 (New Straits Times, 2020c). However, the decision is still unpredictable because the MCO will be considered the pandemic situation in Malaysia. The first challenge is when MCO was started in the middle of March 2020, and many parents still do not pay monthly fees even though the fees are due before the 7th of every month. Communication with parents is required to pay total fees by March 2020, and 2 weeks of classes will be postponed after the MCO. However, some parents do not want to pay the fees because there are still two weeks left for the course. In addition, some parents are unable to pay the fees because they have a shortage of budget. After a quick survey has been done to all the parents by Mr. Ahmad Baahir, only half of them are willing to continue even though Mr. Ahmad Baahir try to change the mode for the face-to-face approach to online learning mode. The parents reject the automatic switch to online learning because the online learning model is a new tool for everyone.

According to Bates (2003), online learning involves various types of devices, resources, responsibilities, modes of contact, monitoring, and support with several potential replacements. In the real situation in Malaysia, not all parents are well accepted for this type of learning or teaching process like the developed country. Mr. Ahmad Baahir has proposed Google classroom and Group Telegram to the parents and teachers for online learning purposes. However, students without a smartphone were recommended to use parents' tools. Still, Mr. Ahmad Baahir realizes he cannot force the parents as sometimes they also do not feel comfortable letting their children use their smartphones. Primary school students commonly don't have smartphones neither they own laptops. In addition, considering the pandemic of

COVID-19, some students also face limited access to the technology, as the poor connection makes them have difficulty with online learning (World Bank, 2020b).

The other challenge when the student depends on their parents for the online tools is that they need to wait for the parent's instructions or information to be delivered. If parents have to use their online tools during the student class, there was an issue for them to attend the class on time. Only 20% of parents expressed their support for online learning based on Mr. Ahmad Baahir's survey before stopping the tuition class by April 2020. Some parents feel there are facing interruptions while using the gadgets for the online class, and they need to monitor the children whether they are focused. So, they feel it is complicated and less efficient. The parents need to manage their time working from home and monitor the children for their online classes feels more burden on their shoulders.

Moreover, the schools are closed during the MCO time, so they feel unnecessary to force the children into online learning classes. The students also appear to be not productive during the online classes as they are new to the platform. Moreover, some of the students are not aware of the Google classroom and Telegram when they come from rural areas of the school. There are delays in submitting homework, and sometimes the students might miss in action.

Furthermore, the tuition teachers also really feel uncomfortable making the student understand without using the whiteboard. The worst situation while the tuition teachers also feel not encouraging them to handle online classes as they face difficulty preparing extra materials for the students. For them, during MCO, the salary for the teachers is paid by the Ministry of Education without any issues even schools are closed, albeit the teachers are working from home. So, they do not have any necessity to earn extra income during this pandemic. It makes them reluctant to have this extra job for the time being this pandemic.

Moreover, some teachers have trauma to face the camera or prepare the teaching materials with this new technology. Although, Mr. Ahmad Baahir has released a video on how to use online tools for teaching purposes. But it also does not work to encourage the tuition teachers as they do not have any interest in online learning. It became worst when online classes do not help in showing any progress among students since they have submitted through the Telegram application. Even Mr. Ahmad Baahir keeps encouraging tuition teachers to do more online classes. It is still dependent on parents and tuition teachers to engage with this type of learning materials. In terms of payment for sure, the tuition centre will not be helpful as during the pandemic mostly each one facing financial troublesome. So, if parents are not willing to pay, the tuition centre could not support the tuition teachers. In addition, the parents from examination classes feel it is not so important anymore for the student to be focused on. Nowadays, parents tend to give freedom for their kids to pursue their interests other than studies as nowadays there are many opportunities there.

Mr. Ahmad Baahir still hopes that the parents can be more adapt to the current learning system. This would, in turn, give the time for the students for online learning and the teachers to be trained for all types of teaching processes. Hopefully, during a pandemic like this, the students and teachers would not feel uncomfortable using different platforms. In this regard, the student needs to be given exposure to another world of learning. It became a challenge for tuition teachers since they have equipped themselves with new skills. It also gives challenges to the staff of PTFAT since they require the additional skills in facilitating the tuition center in preparing the online class or webinar class. Indirectly to ensuring they sustain in having their

job in the PTFAT. Unless they will have to be jobless since currently no more offline modes are allowed to be implemented due to MCO still going on till the last 9 June 2020. Even though the MCO would be lifted one day, the new norm is still implemented, such as social distance and having big classes in tuition centers are not relevant anymore. However, the final decision by the owner PTFAT is significant in determining his resilience in running this tuition business.

5 . CASE FINDINGS

PTFAT has operated since 2017 and legally got the license in 2020. They are only focused on Standard 4, 5, and 6 classes. Nearly a class only contains 15 to 20 students, which is easy to monitor by the teachers. Moreover, they only focus on Maths, BM, English, and Science. The teachers are totally from teaching backgrounds who engaged under the Ministry of Education. Mostly here, the teachers will be focused on important topics and guide more on answering the questions. Nearly every year, almost 50% of students are getting good grades in public exams. It was affected all over the economics a lot.

As you know, children and old aged people were the most concerned to all as they might be infected easily. So as tuition centres are based on children for sure, we could not operate them during MCO, CMCO, or even RMCO. The center was closed from 18 Mac 2020 until 31 August 2020. They initiate online learning on Mac'20 after the announcement of MCO, but it failed, so we stop online classes by the end of Apr '20. Financially it was a really difficult situation.

Online learning is a new tool for everyone. Not all parents and teachers are welcoming this type of learning or teaching process like the developed country. The proposed Google classroom and Group Telegram to the parents and teachers. The student without a smartphone is recommended to use their parents' devices, but we do not force the parents as sometimes they do not feel comfortable letting their children use smartphones. Yes, there are a lot of challenges when the student depends on their parents for the online tools because the student needs to wait for the parent's instructions or information to be delivered. If parents have met during the students' class, then there was an issue for the student to attend the class on time.

On another note, some parents feel there are interruptions while using the gadgets for studies, and they need to monitor the children whether they are focused. So, they feel it's complicated and less efficient. The parents need to manage their time working from home and monitor the children for their online classes feels more burden on their shoulders. Moreover, the schools are closed, so they feel unnecessary to force the children into online learning classes.

The students seem to be unproductive during the online classes as they are new to the platform, even some of the students are not aware of Google Classroom and Telegram when they are coming from rural areas of the school. There are delays in submitting homework, and sometimes the students might miss in action. The teachers feel uncomfortable making the student understand without using the whiteboard. Moreover, it is more to exercise basis yet not welcomed by many students. The teachers are not encouraged by online classes as they face difficulty preparing extra materials for the students. During MCO, the salary for the teachers is paid without any issues even schools are closed. So, they do not have any necessity to earn

extra income during this pandemic. Moreover, some of the teachers have trauma to face the camera.

Initially, Mr. Ahmad has released a video on how to use online tools for teaching purposes. But it failed to encourage the teachers as they do not have any interest in online learning. The tutor only grades the students via online learning based on the homework submission through Telegram. Even the tuition centre encourages tutors to do more online classes, and it still depends on parents and tutors whether they want to engage with this type of learning materials. In terms of payment for sure, the tuition centre cannot be as helpful as during the pandemic, mostly facing financial trouble. So, parents for those not willing to pay us then we couldn't support the tutors.

But nowadays, as no bigger exam as UPSR, parents give freedom for students to pursue their interests other than studies as nowadays there are many opportunities. Since the parents can be more adapt to the current learning system, they can give the time for the students for learning purposes. In addition, the teachers need to be trained for all types of teaching processes so that during a pandemic like this, they do not feel uncomfortable for different platforms. The student needs to be given exposure to another world of learning as well.

6. CONCLUDING REMARKS

Mr. Ahmad looked out of the window and realized that it was late in the evening already. The office was deserted and quiet as all the staff had gone home. In his quiet solitude, Mr. Ahmad's mind did not rest. He kept thinking about the strategies to sustain and compete in the market, which was inundated overwhelmingly. He knew that to make such strategies work, the following issues related to risks, internal control, and costs had to be addressed:

1. Identify the success factors in this business resilience.
2. Identify the tutor's strength in PTFT
3. Identify mechanisms in supporting tutors in persuading quality online teaching.

If he cannot handle this situation, as the last alternatives for him in the long term, is it he has to change his business model to save his company? This problem needs to have good decisions urgently for the sake of his business. From the findings, clearly seen he will adapt with new norm and new strategy in sustaining the business within support from the staff and the tuition tutors.

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Enhancing Port Security Through the Implementation of The International Ship and Port Facility Security (ISPS) Code

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Teaching Case Synopsis

Port A Sdn. Bhd. (PASB) is one of the major ports in Malaysia. It provides container, cargo and cruise terminal services, and is one of the established port in Malaysia. The port serves as the main gateway for shippers and has been implementing the International Ship and Port Facility Security Code (ISPS Code) since 2004. ISPS Code is an essential maritime regulation for the safety and security of ships, ports, cargo, and crew. It prescribes the responsibilities of governments, shipping companies, shipboard personnel, and port or facility personnel to detect security threats, and take preventative measures against security incidents affecting ships or port facilities used in international trade. To comply with the ISPS Code, PASB had identify the processes and methods of implementation in the port area. The implementation of ISPS Code has improved the security level, reduce decreased the number of thefts, property damages and decreased the number of accidents and injuries among people working in the port areas. ISPS Code also improved PASB efficiency, effectiveness and competitiveness as manual activities have been replaced with automation and information technology, which is part of ISPS Code requirement.

Keywords: ISPS Code, Port Security, International Maritime Organisation, Port, Terrorism

1. INTRODUCTION

While watching the arrival of the cruise ship at the cruise terminal, Mr. Majid grinned to himself as it reminisced the recognition that has been granted to Port A by the Malaysian Ministry of Transport (MOT) a few years back. The last visit of the Malaysian Ministry of Transport in examining the safety and security procedure by Port A has indicated that this port is one of the best ports in the world, that not only keen to ensure the safety of port and cruise terminal, but most importantly the safety of the passengers. Looking at the passengers disembarking from the gigantic cruise ship in front of him made him lost in his memory once again. Reminiscing on the good old memories of 30 years working in the maritime industry with Port A has made him as one of the important persons in handling the safety and security aspect of Port A. It was not an easy journey for him back then to become and hold a position as Head of Security, Safety and Emergency Services. Through this up and down journeys have made him collected countless and valuable knowledge that has helped him to become someone that knowledgeable in the safety and security aspects, in particular, the International Ship and Port Facility Security code (ISPS) Code and subsequently has able to assist Port A to receive the recognition from the Malaysian Ministry of Transport in 2019.

Port A Sdn. Bhd (PASB) is one of the major ports located at the west coast of the Peninsular Malaysia, also one of the established ports in Malaysia. This port serves as the main gateway for shippers since the port are situated in the Straits of Malacca which is one of the major shipping routes in the world. As such, Port A has become an international transshipment hub due to its strategic location. PASB is the port operator that operate, manage, provide operational facilities, and port services in Port A. PASB is fully equipped to handle all types of cargo such as containers,

liquid, dry bulk, break bulk and others; and provides a multitude of services to cater for their safe and efficient transit via the port's various terminals and facilities. To date, PASB has handled shipping lines from various regions including Asia, European, American and Middle East.

In 2019 PASB has steadily achieved more than 3.5 million TEUs (Twenty Foot Equivalent Unit of Containers). To enhance its performance, PASB has developed their 10 years expansion plan. Among the expansion work planned is the extension of the berth at the container terminal and cruise terminal which is set to take off in the first quarter of 2020 and is expected to be completed at the end of the year 2020. It will allow bigger ships to give berth at Port A. To support the company strategic direction, PASB is committed to provide excellent services to its customer by offering high efficiency and effectiveness in order to be consistently achieving on-time delivery and reliable services. Prior to offering the efficiency and effectiveness of the services, PASB has also proactively implemented the International Ship and Port Facility Security (ISPS) Code since 2014. This implementation has helped the PASB to be recognized as one of the best ports in the world in safety and security aspect by the Malaysian Ministry of Transport (MOT) in 2016.

This teaching case addressed three paramount elements of ISPS code in Port A, the importance of ISPS Code, the implementation of ISPS Code as well as its advantages to ascertain the performance of Port A in the form of safety and security of port and shippers are well preserved. To achieve these objectives, series of interviews were conducted with Port A representatives.

2. BACKGROUND OF THE CASE ORGANISATION/COMPANY

Currently, PASB is an active port service provider in Malaysia where it provides logistics and transportation services to maritime users such as shipping lines, freight forwards, shipping agent and transport haulers to name a few. Such services provided by the PASB are as the following.

2.1 Services

2.1.1 Container Services

The core operations at Port A are the container operations. Its Alpha Container Terminal (ACT) is the busiest among all Port A's terminal as it handles more than 3 million TEUs per annum. There are 6 berths (B1 to B6) at ACT with a total length of 1.6 km and equipped with 14 Quay Gantry Cranes (QGCs). Currently, there are more than 30 shipping lines and agents serviced by Port A. These lines provide the connectivity to the world that Port A requires, as a gateway port to its hinterland area. Connectivity to the national railway grid and the national highways provides ACT with excellent penetration to its hinterlands. This has enabled Port A to become the export gateway of choice for container cargoes. From ACT, containers can be shipped directly to all the major cities in Malaysia and to other seaports in the Far East.

2.1.2 Cargo Services

Port A also offers a complete array of facilities to handle nearly all types of non-containerized cargo which mainly consists of 3 cargo types' namely break-bulk, dry-bulk and liquid-bulk cargo. Port A provides dedicated facilities such as the Gamma Wharves, Beta Bulk Cargo Terminal and Sigma Wharf to handle these cargoes in the most efficient and safest way. These facilities are equipped with yard, tank, silos and warehouses for general cargoes, and also facilities that are specifically dedicated for dangerous cargoes.

2.1.3 Other services

PASB also offers other services such as cruise terminal, marine and security services.



Figure 1: Container Terminal
Source: pixabay.com



Figure 2: Cargo Terminal
Source: pixabay.com



Figure 3: Cruise Terminal
Source: pixabay.com

2.2 What is ISPS code?

ISPS or the International Ship and Port Facility Security Code is an essential maritime regulation for the safety and security of ships, ports, cargo, and crew. Since the sea is one of the easiest ways to approach an international territory, International Maritime Organisation (IMO) under Safety of Life at Sea (SOLAS) convention chapter XI-2 developed the International Ship and Port Facility Security code – The ISPS code for the safety of ships, ports, seafarers, and government agencies. The ISPS code was implemented by IMO on 1 July 2004 as a comprehensive set of measurements for international security. It prescribes the responsibilities of governments, shipping companies, shipboard personnel, and port or facility personnel to detect security threats, and take preventative measures against security incidents affecting ships or port facilities used in international trade. This Code applies both on passenger ships and cargo ships including tankers of 500 gross tonnages or more as well as port facilities serving ships on international voyages, and mobile offshore units¹.

2.3 Safety and Security under ISPS Code

The ISPS code mainly looks after the security aspects of the ship, seafarers, ports, and port workers, to ensure preventive measures can be taken if a security threat is determined. The first aim of the ISPS Code towards the safety and security of ships and of port facilities is to²:

- Monitor the activity of people and cargo operation.

- Detect the different security threats on board a vessel and in port and implement measure as per the situation.
- Provide a security level to the ship and derive various duties and functions at the different security level.
- Establish the respective roles and responsibilities of the contracting governments, agencies, local administrations, and the shipping and port industries.
- Build and implement roles and responsibilities for port state officer and on-board officers to tackle maritime security threat at the international level.
- Collect data from all over the maritime industry concerning security threats and implementing ways to tackle the same.
- Ensure the exchange of collected security-related information data with worldwide port and ship owner's network.
- Provide a methodology for security assessments so as to have in place plans and procedures to react to changing security levels.
- Find the shortcomings in the ship security and port security plan and measure to improve them.

The ISPS code also provides guidelines for port operators on what action should be taken by introducing three security levels, and they are³:

Security Level One - Normal: This is the normal level of security that ships, and port facilities operate under. At this time, there are minimum protective measures that need to be maintained. Ship and port operations are carried out in a general/normal manner, and security are carried out according to their facility security plan. Ship and port authority equally divide and supervise the loading and unloading process. Port authority keeps the “No Access” areas under surveillance at all times.

Security Level Two - Heightened: This level is applied whenever there's a higher risk of a security incident during transport. At this time, additional security measures are implemented and maintained for a given period of time. Security experts on the ship and port facility will indicate how long 'heightened' security measures need to be in place. All routine and cargo operations are carried out with increased security measures in ships and ports. Ship and port authorities increase “Lookouts” in no access zones and waterside areas. Access control is enforced with the use of escorts aboard and the implementation of security cameras and metal detectors. Ship and port authorities prepare full or partial search operations of the ship.

Security Level Three - Exceptional: At this level of security, incidents are almost unmissable so case-specific security measures will be put into place. The security experts on the ship and port will work closely with government agencies and follow specific protocols to avoid any issues. Ship and port operations often stop and frequent security rounds and duties will be carried out by both parties. The treat of the incident or its target may not be possible to identify right away. There is limited access to a single, controlled access point. Access is only granted to those who are authorized personnel or responders of a security incident. During this time, there can be a suspension of embarkation or disembarkation, as well as suspension of cargo operations. Port authority keeps the “No Access” areas under surveillance at all times and monitors the movement of people on the ship.

2.4 Implementation of ISPS Code in port A.

The ISPS Code in PASB has been started since 2004. This is a directive order from the Ministry of Transport (MOT) through the Malaysia Marine Department as a Designated Authority that requested the PASB to adhere and comply with the needs of ISPS Code. In order to comply with the ISPS Code there are processes and method of implementation in the vicinity of port area that need to be observed, including the security assessment and developing the security plan.

The security assessment and plan were then submitted to Marine Department Malaysia for verification. A certificate of compliance with ISPS Code for a period of 5 years then awarded. If there are changes

in activity or operations in port area, PASB must re-submit the security assessment again for approval. If there is no changes, PASB will renew the certificate once it has expired. ISPS requires port to incorporate various functional requirements so that it can achieve certain objectives to ensure the security of ships and ports. Mr. Majid explains that some of the important requirements that Port A has followed. First, they gathered all the security-related information from various parties and agencies. Then PASB defined a proper communication protocols for ships and port facilities to ensure a hassle-free information exchange between both parties. Next, they have to prevent any unauthorized entry in port facilities or on a ship and other related restricted areas, even if the unauthorized entry is not a threat (but always considered as a potential threat). The next requirement is PASB has to prevent the passage of unauthorized weapons, incendiary devices or explosives to ships and port facilities. PASB also developed different means for raising the alarm if any security incident is encountered or a potential security threat is assessed. Thus, they have implemented proper security plan on port and ship based upon the security assessment and requirements. Ship and port crews are also trained as they must be familiar with the security plans. Therefore, PASB has implemented trainings, drills and exercises to ensure that there is no delay in implementing the same in case of a real threat.

The implementation of this code is seen as one of effective measures in order to alleviate the security threat including maritime terrorism attack and sea piracy. Given that ports are identified as key locations where various members of the logistics and trade systems can meet and interact, thus they are the most likely to be targeted by terrorists. Ports may also be the subject of large environmental disasters or deliberate maritime/intermodal accidents, hence adding extra security threats and further complicating the security and risk management systems. Therefore, adhering to ISPS Code enables the PASB users to conduct business in an environment which is safe, secure and free from disorder or conflict.

Basically, the implementation of the ISPS code at Port A covers two scopes. The first scope is based on the ISPS code at the port area and the second scope is ship area. In general, implementation of ISPS Code for port facilities begins with an appointment of Port Facility Security Officer (PFSO). PFSO is a government appointed officer responsible for implementing Port Facility Security Plan (PFSP) and to derive security levels for port and vessel berthing at their jetty. He is responsible to conduct port facility security assessment. PFSP includes the plans and actions to be taken at different security levels. Roles and responsibilities are included in PFSP. Action to be taken at the time of any security breach is described in PFSP. Next is security equipment requirement. Security equipment such as scanner, CCTV and metal detector etc. must be always available within the port facility to avoid the breach of security inside the port. Security levels are implemented by the port authority under the consultation of local government authority. The security level adopted for the port facility must be informed to vessel administration for cooperative measures. There are some other measures taken by PASB, however, only a few measures were discussed due to the confidentiality and security reasons.

CCTV Prevention Measures: All operation areas are equipped with the CCTV which is in operation for 24 hours. In order to improve the CCTV system, PASB are in the process of upgrading to a new and advance systems that provide better protection at all port areas.

Yard Prevention Measures: In terms of yard, there is no specific prevention measure taken at yard, they just only continue with daily activities such as container and storage stacking and security checking. All security checking is performed by the assistant of Security Police.

Scanner: Another important security equipment used are container scanners. Currently, PASB have three scanners used to improved safety and security. One major scanner is used for all export containers going to mega port in the United States (US). All export or outbound containers to US must go through screening process. This scanner can be used to scan radioactive and dangerous cargo. Another two scanner is for custom checking. These scanners are used for import and export cargoes and operated by the customs. All imported containers must be scanned, but for export container, it depends on the quota set by customs but normally the custom will choose randomly. Normally customs only chose the suspicious container only.

Another important aspect of ISPS Code implementation at Port A is the procedures in handling dangerous goods. PASB strictly adhere to the procedure in handling the dangerous goods (DG) as it is part of the ISPS code. Shipping liners must present the cargo manifest and declare the dangerous cargoes on board a vessel using DG declaration form to Port A Commissions, specifically to the Dangerous Goods Unit (DG unit). This unit will then classify the cargo based on the type of DG. After the DG has been classified in terms of its class, the liners will get the registration number. This unit will then physically check the types of cargo to ensure that it is similar to what has been declared, the port of origin, handling procedure and equipment, and the type of storage if the dangerous cargo need to be stored at the port and not directly load and discharged from the port area. If they use direct loading, shipper must sign a declaration and manifest form, where DG cargoes are stamp with the specific sticker based on its category. Another important procedure is that the declaration of DG must be apply manually and not through online. This is to ensure the accuracy of the information.

2.4 Advantages of ISPS Code to PASB

Undoubtedly, implementation of ISPS Code has bring various benefits to PASB. The most important advantage is compliance to ISPS code indicated that there is an increase in the security level at Port A. The authoritatively permitted control and access of people and companies accessing the ships and port facilities help reduced problems such as cargo theft, terrorism, property damages, prevent the disruption of the operational activities and at the same time provide better control in port areas. Secondly, it increased the safety and security for the personnel working in the port, decreased the number of thefts, property damages and decreased the number of accidents and injuries among people working in the port areas. Moreover, it is said that the control and access for the supplier and deliverer within the port facilities and to ships had been improved.

Beside security, implementation of ISPS Code has improved their efficiency, effectiveness, and competitiveness. Most manual activities in port area have been replaced with automation and information technology as it is part of ISPS Code requirement. For example, paper-based passes and manual gate bar have been migrated to automatic systems which uses chip-based passes that can scan and open the gate automatically. In addition, the inspection works can be carried out more efficiently without involving the use of high manpower with the installation of CCTV. Implementation of ISPS Code also has brings more businesses as more ships use Port A, due to the increase in reputation in terms of the safety and security factors. This also includes the number of cruises that gave berth at the cruise terminal as it is very safe for passengers.

2.5 Challenges in Implementing ISPS Code

There are some challenges in implementing ISPS code at PASB. First, appropriate implementation of ISPS code is a challenge as not all the crews are trained at the shore for port security training. It also impacts on the daily activity of crew as it comes with additional duties of security watch etc. Next challenge is in term of time. Implementing the security level on the ship is an additional time-consuming task. Implementation of ISPS Code means that the security level is at its highest level. It results in increase in ships port stay as all the cargoes are inspected as compared to lower security level, wherein only a handful of cargoes are inspected for security reasons. The port activities are also affected when the security level escalates, as it led to slow down in cargo operation.

Though the ISPS code helps ports to create and achieve the competitive advantage through its security measure, it does require a high implementation cost, and this is a huge challenge to PASB. PASB have to purchase very expensive systems and equipment such as Gamma X-Ray and X-Ray Scanner in order to comply with the requirement. Port also must have separate area for DG, for trailer park, tank etc. The last challenge is to keep relevant with the latest requirements in ISPS Code, which is updated based on potential threats that exists. Among the common threats are maritime terrorism, sea robbery, cargo theft, people smuggling, drug smuggling among a few. When the ISPS Code being implemented in the initial stage, there were 9 cases only that need to be considered. But now it has increased to 15 threats, and the

latest one is cyber-attack. As the threats increase, PASB has to conduct their safety assessment again in order to comply with the requirements.

3.0 CLOSING PARAGRAPH / CONCLUDING REMARKS

The implementation of ISPS Code in Port A is a long journey for Mr. Majid and all the staff there. 2016 was a glorious year for PASB when it was awarded and given Grade A by the Malaysian marine Department, because it completely complies with all the requirements in the ISPS Code. However, shipping and port industry are always vulnerable to security threat as evidenced in the increase in the number of threats that ports need to take protective action. When they first start, there was 9 and now it has increased to 15. Mr. Majid cannot stop from thinking, *“I wonder in what form the new threats will arise in the future and are we ready to face this new kind of threats? Does implementing ISPS Code is good enough for PASB to remain competitive in this industry?”*

Acknowledgements

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Well-being driven: The key entrepreneurial trait leads to the entrepreneurial success

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Teaching Case Synopsis

This is an exemplary case of a successful entrepreneur named Zakaria who was driven by well-being of himself, his people and the society, which shows in his key decisions and actions while starting and running his entrepreneurial venture. He is mostly found driven towards societal well-being i.e., serving people with healthy food, rather than just materialistic gains, which has clearly led him to the entrepreneurial success. Out of many examples, in this case study, we chose to discuss his few major and most important well-being driven decisions and actions that gave him the ultimate edge in becoming successful. The key decisions include, entering into the niche of organic rice aiming to serve people with healthy food; spreading awareness about the benefits of consuming organic; working towards and achieving organic certification; uplifting the rural economy aiming at societal well-being; and not wasting natural resources aiming at environmental well-being. The case holds highly valuable learning for the entrepreneurship or business students who wish to start entrepreneurial careers after completing their degrees.

Keywords: Well-being driven, entrepreneurial trait, entrepreneurial success, entrepreneurial marketing, entrepreneurship education

1. INTRODUCTION

The year 2020 has passed, and the Malaysian government could not achieve the Malaysia Vision 2020, i.e., achieving the status of a developed country. One of the major reasons for not achieving this vision is the lack of strategic decision making in the higher education sector. However, the government has recently recognized the need to give much emphasis to the higher education to build a knowledge-based economy. Aiming to achieve the vision in future, the higher education authorities understand well that the entrepreneurship education (EE) is highly important as entrepreneurship generates employment, creates wealth, and stimulates development in economies (Ahmad & Xavier, 2012). Increased employment and higher earnings through entrepreneurship contribute to better national income in the form of higher

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tax revenue. This revenue could be used by the government to invest in other weak sectors; and public (Seth, 2017).

Recognizing the importance of EE towards entrepreneurship development in the economy, Malaysian Ministry of Higher Education (MoHE) had taken the initiative of making entrepreneurship courses compulsory for the students at all public universities. At the same time, the students are also encouraged to take part in the numerous entrepreneurship activities, such as entrepreneurship seminars, training, short courses, conferences, and events. It was hoped that these exposures to entrepreneurship would help developing the entrepreneurial attitudes, traits, and mind-set among the students (The Star, 2017).

Currently, the graduate unemployment rate is skyrocketing around 25% till the end of 2020 (SAYS, 2020). This clearly shows that the EE at Higher Education Institutions (HEIs) has failed to produce successful graduate entrepreneurs so far. One of the reasons for this failure is, although all public universities in Malaysia offer EE, but many Malaysian universities lack explicit planning and strongly articulated EE strategies. According to the EE experts, the current pedagogies and curricula are ineffective in matching students' skill expectations with their skill acquisition, and a new approach is needed (Ahmad & Buchanan, 2015; Amjad 2020; Amjad et al., 2020a,b,c). Thus, we have conducted a case study that aims to discover a key entrepreneurial trait that could be taught and induced in the university students, which could lead them to successful entrepreneurial careers after they graduate.

To discover the new entrepreneurial trait that could be taught and induced in the university students, we have chosen a successful entrepreneurial firm Sri Lovely Organic Rice Farm for the case study. The firm is located in the Lintang Valley, Sik, Kedah. Through this case study, we found one of the most important entrepreneurial traits that has led the entrepreneur of this firm Mr. Zakaria Bin Kamantasha to the entrepreneurial success.

Based on our case study analysis, the entrepreneur is found to be highly driven by the well-being of himself, his people and the society, which is the reason he has achieved great success. Thus, being driven by well-being is that essential entrepreneurial trait that could be taught and induced in the university students, so they could achieve entrepreneurial success after they graduate, and ultimately contribute to the Malaysian economy.

There has been a gradual shift towards post-materialistic values (Inglehart, 2018), consequently, a greater number of people are seeking careers that are not only financially valuable but also intrinsically fulfilling (Pink, 2001). Same is the case with Zakaria who has been found as a lifestyle entrepreneur as he was attracted to organic rice farming (his lifelong passion) and entrepreneurship explicitly because it was the avenue for increased eudaimonic well-being, intrinsic fulfilment, and life satisfaction for him. Thus, he was driven towards societal well-being i.e., serving people with healthy food, rather than just materialistic gains.

The drive of well-being is the fundamental part of living a flourishing and fulfilling life and is closely associated with entrepreneurs' ability to work, experience positive emotions and maintain positive relationships (Seligman 2012). It has a strong ability to recharge entrepreneurs' psychological resources including their optimism, self-esteem and resilience. This energizes them to persistently perform the challenging tasks that are often considered impossible (Foo et al. 2009).

The entrepreneurship students must understand the importance of well-being and be driven by it. For this purpose, the case study of Sri Lovely Organic Rice Farm is an ideal example illustrating the well-being driven behavior of its entrepreneur. The entrepreneur of Sri Lovely was well-being driven from the beginning of his business venture, which is evident in his decisions, choices and actions related to entrepreneurship and marketing. These well-being driven actions have helped him achieve his entrepreneurial success and at the same time contributing to the well-being of himself, his people and the society.

2. BACKGROUND OF THE INDUSTRY

Organic farming refers to a production system that avoids the use of synthetic fertilizers, pesticides, hormones, and antibiotics. To control weed and pests, plant-based pesticides, and enzymes are chosen over insecticides and chemicals (Mokhtar, 2014). Thus, it uses natural biological systems, physical and mechanical methods, or the use of bio-pesticides. These measures will ensure the protection of the health of people, soils, environment and the ecosystems (Othman, 2012). In Malaysia, organic farming is monitored by the Ministry of Agriculture and Agro-Based Industry Malaysia under Malaysia Organic Scheme (MOS) which was launched in 2002 to regulate the organic plantation in Malaysia (Suhaimie et al., 2016).

Malaysian local organic food industry is yet to be grown and advanced, as 60% of the organic food in the country is imported. However, the number of organic rice farms in Malaysia is currently on the rise. In 2009, the Ministry of Health in Malaysia has revised the food regulations of 1985 to guarantee the food products that are labeled with the word “organic, biological, ecological, or bio-dynamic” meet the terms with the labeling requirements of the Malaysian Standard MS 1529:2001, which is, “the production, processing, labelling and marketing of plant-based organically produced foods”. It implies that any organic labeled agricultural product must be MOS certified (KPIAT, 2017). Figure 1 below shows the logo that is labelled on products after they receive the certification.



Figure 1: Logo displayed at the organic products certified by MOS.

Since 2003, more than 170 farms have applied for organic labels, however, only 28 organic farms could achieve the rights of using organic labels by aligning their systems with the organic production regulations by the Malaysian government (KPIAT, 2017). This makes only 0.01% of Malaysia’s total agricultural land area which is used for the organic plantation, which clearly shows the organic rice market as a new niche. Although organic farming at the current stage is only a fraction of the total farming in Malaysia, however, the growing awareness in the public for nutrition and health is pushing organic farming to an entirely new level. This has led researchers, scientists, and entrepreneurs to find alternatives to promote food security and to

start the organic farming movement. One popular alternative is to integrate agriculture with organic farming (Ciccarese and Silli, 2016).

3. BACKGROUND OF THE CASE ORGANISATION

Sri Lovely, an organic rice farm was established in 2008 in Lintang Valley, Sik, Kedah, by Mr. Zakaria Bin Kamantasha the entrepreneur, owner and manager. The farm measures the area of nine hectares and consists of 24 paddy plots, two vegetable gardens, one goat's shelter, ten bamboo bungalows, tenting outdoor areas, three godowns for storing rice and machines, one processing plant, one hall, one kitchen, and a common area including gallery and library. The farm has 12 to 15 employees and is integrating the System of Rice Intensification (SRI) while planting organic rice without the application of chemical pesticides and fertilizers. SRI is a set of organic farming principles which helps increasing per plant productivity, improving plant and soil health yet reducing external inputs, such as water and seeds.

At Sri Lovely farm, the major activities that take place are planting, harvesting, processing and educating about the organic rice farming. As Sri Lovely follows SRI principles, these include eight specific steps of planting and harvesting rice. These steps are: seed selection, seed germination, land preparation, planting the rice seedlings, weeding, composting and organic fertilizers, harvesting, and packaging the rice. At Sri Lovely, four different varieties of rice are grown, which are, Adan rice, MRQ 74, Lovely rice, and Ruby rice. These rice are available as three types which are brown rice (unpolished rice), white rice (polished rice), and red rice (unpolished for Ruby rice). Sri Lovely also organizes conferences and invites farmers, education professionals, researchers, doctors, indigenous people, and activists from around the world to share and discuss the best practices of organic farming. Sri Lovely is also promoting ecotourism as this farm is equipped with related facilities, and the location and beauty of Lintang Valley makes this as an exotic recreational place for tourists.

In 2016, Sri Lovely offered an international volunteer's program in which the volunteers from around the world came and stayed at Sri Lovely while learning about organic rice farming and the culture and tradition of Malaysia. Today, Sri Lovely has been established for over 12 years and it has successfully maintained its excellent reputation as it has received many awards/certifications in Malaysia while promoting organic rice farming worldwide.

4. WELL-BEING DRIVEN DECISIONS AND ACTIONS OF ZAKARIA

The well-being driven behavior of Zakaria could be seen and understood with the few examples where he took well-being driven decisions that proved to be crucial in his entrepreneurial success. First, driven by well-being, he decided to start the organic rice farming in 2008. This decision has been proved as a key factor in his entrepreneurial success, as it paid him well because he was one of the very few people who were into organic rice farming at that time in Malaysia. Hence, his well-being driven decision at the right time helped him greatly in capturing this niche before the other competitors came in.

Although the awareness about organic rice was very low among the targeted customers at the time when Zakaria started, he was never bothered by that as he aimed to provide healthy and high-quality food to the consumers. To overcome the barrier of low awareness, his strategy was to educate the public about the benefits of consuming organic rice. He achieved that by

conducting and participating in public conferences and awareness programs. As the public becomes aware, they usually prefer to buy his brand of rice as there are not many options available in the market. This strategy has worked effectively, and hence, his well-being driven decisions and actions have paid him well.

Today, unfortunately many food producers use the label of ‘organic’ only to encash its marketing benefits, whereas in reality, they do not produce 100 percent organic food. The reason for such fraudulent practice is that people generally perceive food items labelled ‘organic’ as healthy and safe for consumption, and therefore, are willing to pay higher price. Thus, the fraudulent opportunists are never driven by well-being, and consequently, their ‘organic’ products are commonly caught uncertified and misleading the public. As a result, the fraudulent opportunists could never achieve entrepreneurial success as they get heavy penalties by the concerned government departments.

Zakaria on the other hand is truly driven by well-being. He strictly follows the SRI principles during the seed selection, seed germination, land preparation, planting the rice seedlings, weeding, composting and organic fertilizers, harvesting, and packaging the rice. As a result of adhering to the standards, he had been successful in receiving a number of certificates, which authenticate his product as truly ‘organic’. Figure 2 below shows one of the packaging at Sri Lovely that displays the organic logo of MOS (refer to Figure 1), which authenticates the Sri Lovely rice as ‘certified’ organic. This is also the reason that his organic rice has always passed whenever tested by the concerned government departments. Hence, the true drive of well-being has earned Zakaria and his firm a good reputation along with the entrepreneurial success.



Figure 2: Packaging used at Sri Lovely containing the organic logo of MOS.

Being a big farm owner in the Lintang Valley, Sik, Zakaria himself took the responsibility of societal well-being and decided to uplift the rural economy in the area even before the government had focused on its development. Thus, driven by societal well-being, he identified the potential of Lintang Valley as an attractive tourist place and opened a tourist resort within his organic rice farm. This helped in attracting many tourists since then, thus resulting in the uplift of the rural economy of the area. Consequently, this project has earned him a fair amount of goodwill and support from the local people living in the area. People were found happy, and consequently, willing to share their resources with Zakaria, for example, he has acquired all the land for rice plantation on lease from a number of local people. This would have not been possible if Zakaria had not come up with the mission of societal well-being in the area. Hence, once again the well-being driven decision and actions of Zakaria have helped him achieve the entrepreneurial success.

Besides societal well-being, Zakaria is found concerned about environmental well-being as well, as he has been found not wasting any of the natural resources. For instance, the irrigation of rice requires a huge amount of water, however, Zakaria does not use the underground water resources to irrigate his paddy fields, instead, he uses the nearby river water. This helps in not only saving the precious underground water reserves, but also lowering the cost of organic rice production.

5. CONCLUSION

Zakaria is a great example of a successful entrepreneur who has been driven by well-being of himself, his people and the society, which shows in his key decisions and actions while starting and running his entrepreneurial venture. He is mostly found driven towards societal well-being i.e., serving people with healthy food, rather than just materialistic gains, which has clearly led him to the entrepreneurial success. In this case study, we discussed his few major and most important well-being driven decisions and actions that gave him the ultimate edge in becoming successful. The key decisions include, entering into the niche of organic rice aiming to serve people with healthy food; spreading awareness about the benefits of consuming organic; working towards and achieving organic certification; uplifting the rural economy aiming at societal well-being; and not wasting natural resources aiming at environmental well-being. The current case study holds highly valuable lessons for the entrepreneurship or business students who wish to start entrepreneurial careers after completing their degrees. The entrepreneurship educators at HEIs must also understand and recognize the importance of being well-being driven, and take measures to induce this trait in the students. Equipped with the drive of well-being, the graduates would be able to become successful entrepreneurs and create employment in the Malaysian economy, and thus, could help Malaysia to achieve the status of a developed country soon.

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Finding Digital Solution for Muzium Padi, Kedah

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Teaching Case Synopsis

This teaching case highlights the issues and problems faced by Muzium Padi, Kedah. The teaching case raise the issues face by the organization which become the main hindrance towards the implementation of ICT/digital solution in the museum. That would set as a challenge for the students as they need to propose a possible solution whilst considering the existing obstacles. Besides, students have to apply the theories they have learn in designing a suitable digital application. Hence, this teaching case provides an example of context usually faced in managing a digital solution design and development process. Specifically, the case required the students to utilize relevant theories relative to multimedia design and development process whilst at the same time train the students to be analytical and critical in evaluating the direct as well as other contributing factors that will eventually affect the project decision making. Although the case focuses on a museum context, it does reflect the actual situation in many other organizations when managing a any design and development project.

Keywords: Digitization, exhibit design, digital application,

1. INTRODUCTION

This teaching case is designed for students taking subject related but not limited to interaction design, human-computer interaction, and multimedia/interactive media project management. The case study aims to expose students to issues in the context of digital application or solution development. By providing a realistic situation, based on this teaching case; not only that the students need to understand about the situation, but they must also be analytical and critical in identifying related issues that may affect or hinder the propose possible solution. This case study also urges the student to be able to distinguish relevant stakeholders to determine their level of involvement and later, to deal with them accordingly in the design and development process. All these factors are important in the planning and decision making towards a successful project.

There are a lot of issues and factors highlighted in the teaching case reflecting the reality of many museums in Malaysia and around the world. From the administrative limitation, the monetary factor has always been the biggest issue besides other bureaucratic factors which the students need to consider in managing the project. On the other hand, from the project design and development perspectives; factors and issues related to users would be very critical to consider. Although the case only focusses on the Muzium Padi context, this situation would be almost the same in other museum situation as well as other context (generally) when it comes to the management of digital application/solution project management.

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2. BACKGROUND OF THE INDUSTRY (ONLY IF APPROPRIATE TO THE CASE)

Museums have long been established as informal learning spaces with innovative learning environments coexisting with a more typical museum-visiting role (Black, 2005; Falk & Dierking, 1992). The Museums Australia Incorporated Constitution and Rules defined museum as:

A museum helps people understand the world by using objects and ideas to interpret the past and present and explore the future. A museum preserves and researches collections and makes objects and information accessible in actual and virtual environments. Museums are established in the public interest as permanent, not-for-profit organizations that contribute long-term value to communities.

Museums Australia Constitution (pp. 3)

The value of museums in supporting school-based learning has long been recognised (Moorhouse & Dieck, 2019; Andre, Durksen & Volman, 2017). Although most people identify museums with supporting formal education through visits to physical museums, the online museum environment is increasingly playing an important role in giving more information to individuals whilst enriching their life-long learning experiences. Apart from having the online museum as their digital counterpart, the adoption of digital technology in enhancing the physical museum exhibitions is growing significantly in museums around the globe. With the help of digital technology, museums can play a more important role in increasing and facilitating the learning process while at the same time, improving the museum's preservation and communication duties (Holewa, 2017; Middleton & Cockrill, 2017).

For example, Museums Victoria in Melbourne has reported:

Digital is often the first touchpoint with our museums and collections, and we have an enormous opportunity to reach, impact and grow audiences online, onsite, and offsite using digital channels. The development of a strategic audience-centred digital life has been identified as one of the key transformational themes for Museums Victoria.

(Bringing digital to life: MV Annual report 2017-2018)

Museums in the Malaysian context are also moving towards this but still looking for a suitable method and ways of the adoption of the ICT technology.

3. BACKGROUND OF THE CASE ORGANISATION/COMPANY

Historically, Kedah Museum was formally established on 3 February 1957 and during its establishment it was known as History Museum of Kedah. The museum was originally located on the ground floor of the Balai Besar but had to relocate due to a growing collection of artefacts on 30th December 1961. The museum was later renamed as Muzium Negeri in July 1964 governed by Lembaga Muzium Negeri Kedah (LMNK). Apart from the Muzium Negeri, there are other museums under the management of Lembaga Muzium Negeri Kedah, which are Muzium Di Raja Kedah, Muzium Padi, Balai Seni and a few Kedah traditional houses. Each museum has its own building and is situated in different locations.

Among all the museums governed by LMK, the museum with the highest visiting number is Muzium Padi (as shown in Figure 1) with 189,000 visitors yearly. Muzium Padi is dedicated in exhibiting artifacts related to padi planting which include the processes of paddy planting, the tools used in the process as well as the representation of the local culture that relates to the livelihood of the villagers. Interestingly, the exhibitions present the artifacts related to traditional paddy planting processes as well as the modern technique used nowadays; not only in Kedah but also in other Asean regions. Hence, the museum's artifacts and exhibitions not only provide important information to the visitors but also serve

as a medium of preservation. This preservation of artifacts is undeniably very important to ensure the viability and survivability of the paddy cultivation for future generations.



Figure 1: Muzium Padi

Identified Situation

The current situation of Muzium Padi was identified based on direct observation and further information on how the museum carry out its roles and manage the daily activities was obtain from an interview with Mr Hakimi, the museum Head of IT department. Apart from leading the IT department, Mr. Hakimi also holds responsibility for the museum corporate communication portfolio. Based on the observation, it was found that all museums under LMNK including Muzium Padi utilized the traditional ways of exhibiting the artifacts. Most of the exhibitions are object-based whereby the artefacts are displayed individually with very minimal explanation of the artefacts. It is also observed that the exhibitions housing the artefacts are also lacking in curatorship. This has been confirmed as Mr Hakimi said “*we have to hire someone with interior design background. That’s the best that we can do. It is very difficult to have someone with a degree in curatorship in Malaysia*”. Since the curator do not have ample experience or knowledge on museum curatorship; the museum learning experience has not been taken into consideration (theoretically and practically) during the design of the museum exhibitions. Due to this, the exhibitions and artefacts displayed failed to provide adequate information or knowledge to the visitors whilst at the same time seemed boring and unable to attract much visitors’ attention. Figure 2 illustrates one of the artefacts showcased in Muzium Padi and Table 1 provide the overview of the exhibition implementation in the physical museum.



Figure 2: Example of artefact on display in Muzium Padi

Table 1: Examples of exhibition in Muzium Padi

Exhibition	Description
 A museum exhibit on a red carpet featuring a green mechanical rice thresher, several large woven baskets, and informational panels. The background shows a mural of a paddy field.	Exhibition on the paddy harvesting process
 A museum exhibit on a red carpet with a large mural depicting a paddy field and a person working. In the foreground, there are informational panels and some small potted plants.	Exhibition on the paddy cultivation process
 A collection of various woven baskets and containers of different sizes and shapes, displayed on a red carpet. A small informational tag is visible in the foreground.	Artefacts of the paddy storage

Apart from that, it is also observed that the museum repository on the exhibitions and artefacts are also not properly managed. In the discussion with Pn Intan, the person in charge of the record keeping revealed that the details and information of the artefacts are recorded manually using an artefact registration form which was then kept in a file. Going through the files revealed that the information and details of the artefacts were not properly recorded and partly missing important information and details. In addition, the maintenance and housekeeping of the records/data was not done periodically.

Realizing the potential of the Information Technology and Communication (ICT) technology, Mr Hakimi had some thoughts on improving the museum in terms of the museum management as well as to embed the use of technology in the museum exhibits. One of the initiatives was to develop the

museum website. However, according to Mr Hakimi, *“since we don’t have any IT expert, the website project development was outsourced to a company... and now we are having problem in maintaining the website as there is no one know how to do it... We even forgot the password to access the website server!”*. Therefore, when institution like Universiti Utara Malaysia offered for collaboration, particularly to look into the museum technological and technical issues, the museum took the opportunity hoping the cooperation would improve the museum services. This included improving their visitors' experience using technology. Despite the collaboration, many of the attempts found dead end due to financial constraint. As mentioned earlier, the museum is managed by LMNK which receives specified funding from the Kedah State government. The project towards incorporating digital technology also failed due to lack of expertise in ICT to facilitate the suggested projects. Despite having a few projects being outsourced, most of them were unsuccessful due to the same reason (not having a capable person to manage and in charge once the project has been delivered).

Another issue highlight by Mr Hakimi was the organizational work culture. Work culture is the environment established and embraced by the organization and the employees alike. Working culture involves the principles and ideologies associated with the business, company, or firms itself, and on the employee side, working culture is the thought processes, attitudes, and beliefs of the workers. As Mr Hakimi described, *“most of the museum employees as seniors. They are used to the old-fashioned work culture. It is very difficult for them to open-up and accept reforms, especially in terms of technology use”*. For example, most of the museum documentations were done manually, hence the record keeping is far from being well organized. Apart from being unorganized, the record keeping system is also very poor. Surprisingly, important documents (such as manual forms used to record all information for each object/exhibit) that are supposed to dictate the details of the museum exhibits were partly missing. In fact, some of the items in the form were left blank without any data, as previously explained. This certainly shows how careless or negligent the employees are towards the museum’s repository system. They are lacking in terms of responsibility and awareness which should be part of their roles in preserving the artefacts.

The other issue faced by the museum is the limited number of staff. Each staff or museum employee is assigned to more than one department, hence making them super busy and difficult to focus on specific tasks or job scope. Mr Hakimi for example, used to hold the ICT portfolio whilst at the same time was assigned the corporate communication portfolio which required him to carry many jobs away from the museum. Thus, making it very difficult for him to focus on the ICT and other technology related development and improvement in the museum.

Future Planning for Muzium Padi

Looking at the current enhancement of the technology, particularly the interactive media technology, the museum management would like to see drastic changes towards the preservation as well as representation of the exhibits for the purpose of administering and managing the museum collection. This action is also important in ensuring the sustainability of the artefacts and exhibits in preserving important cultural aspects of the Kedah state for future generations.

In doing so, the museum management would like to venture into Virtual Reality/Augmented Reality (or possibly Mix Reality) in preparing the museum for the future. With the recent pandemic situation, this movement would also help the museum to provide alternative options to the visitors through a virtual visiting experience. There have been quite a few successful implementations of the virtual technology within the museum settings around the globe. Lately, there have been initiatives in the Malaysian museum too, therefore Muzium Padi would like to be part of the successful stories.

4. CONCLUDING REMARKS

This case focuses on facilitating the Muzium Padi visiting experience and to make it more impactful. Particularly, the case study presents the obstacles and challenges the Muzium Padi is facing in order to embark into technological approaches in providing richer museum visit experiences. This case will also allow students to understand the user centred approach in ensuring that Muzium Padi visitation is memorable and meaningful. Students are also expected to understand and be exposed to the diverse needs of the users and also the stakeholder/clients (museum).

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He saved me...he saved me not?

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Teaching Case Synopsis

This teaching case focuses on Pertama Unggul Sdn Bhd (PUSB), which involves in metal and wood-based furniture manufacturing. The main income of PUSB came from rental of furniture and sale of furniture. For the past three years since 2017 until 2019, the company claimed that the tax expenses they had to pay to the Inland Revenue Board, Malaysia (IRBM) was ridiculous. To make the situation worse, the company claimed that the tax agent hired was not helpful in giving suggestion or arrangement on how to minimise the tax burden. The aim of this teaching case study is to provide understanding to accounting students on the areas of tax planning, the differences between tax avoidance and tax evasion and the format of computation of chargeable income of company. It is also important for students to be able to identify tax deductible expenses, non-deductible expenses and double deductions as stipulated by Income Tax Act 1967 (ITA 1967). In addition, this teaching case serves as an eye opener that students need to be aware and update themselves with the latest budget and any economic stimulus package announced by government. This teaching case is categorised as decision/ “unfinished” case in the field of taxation.

Keywords: tax planning, corporate tax, manufacturing company

1. INTRODUCTION

Mr. AK was the CEO of PUSB, a Penang-based corporation situated in Simpang Ampat. The company produces metal and wood-based furniture. Its major source of business was from the production of rental furniture for university/college dorms. Aside from that, the company made furniture for offices and residences, and it had recently started making furniture for hospitals, especially university hospitals. Mr. AK was dissatisfied with the amount of tax he had to pay. For him, the tax amount charged by Malaysia's Inland Revenue Board for the last three years of assessment, from 2017 to 2019, was absurd. “No one enjoys paying tax, especially a large amount of tax. I agree that paying taxes is our obligation to the country, but the amount I had to pay was excessive!”

Due to Coronavirus (Covid 19) outbreak, Malaysian government has announced the Movement Control Order (MCO) to prevent the transmission of the virus since March 2020. Since then, many industries were affected including PUSB. This was due to inability to operate business in MCO, and the sales of furniture has gradually declining. However, on the bright side, many of its customers decided to extend the rental period as they believed it is more cost saving instead of purchasing outright and incurring the repair and maintenance expenses. On the other hand, this would result in increasing the chargeable income and lead to higher tax liability. Mr. AK was really worried about the tax matters. He was frustrated with the tax agent hired by the company because the tax agent was not helpful in assisting Mr. AK on the strategies of how to reduce the tax amount. In addition, Nina, the account executive has a very limited knowledge on tax planning as she is a fresh graduate with little experience.

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Therefore, Mr. AK realised that he had to plan ahead on how to minimise the tax liability in the future. He was determined to gain understanding on tax planning strategies for his company. With this Covid-19 pandemic, the phenomena are unprecedented, and he ought to start an effective tax planning to mitigate tax exposure and optimise tax savings.

2. BACKGROUND OF PUSB

PUSB was a bumiputera owned-company, established in October 2001 and registered with the Companies Commission of Malaysia (CCM). With a paid-up capital of RM1,000,000 and 103 of full-time employees, the company was categorised as a Small and Medium Enterprise (SME).

Located in the MARA Industrial Zone, Simpang Ampat, Seberang Perai Selatan, the company had three manufacturing facilities, comprising the wood division, metal division and medical division. The company also had one facility for the office and administration division and had undertaken sizeable projects as the main or sub-manufacturer, especially for institutional customers. In addition, the company had ventured into local and overseas markets.

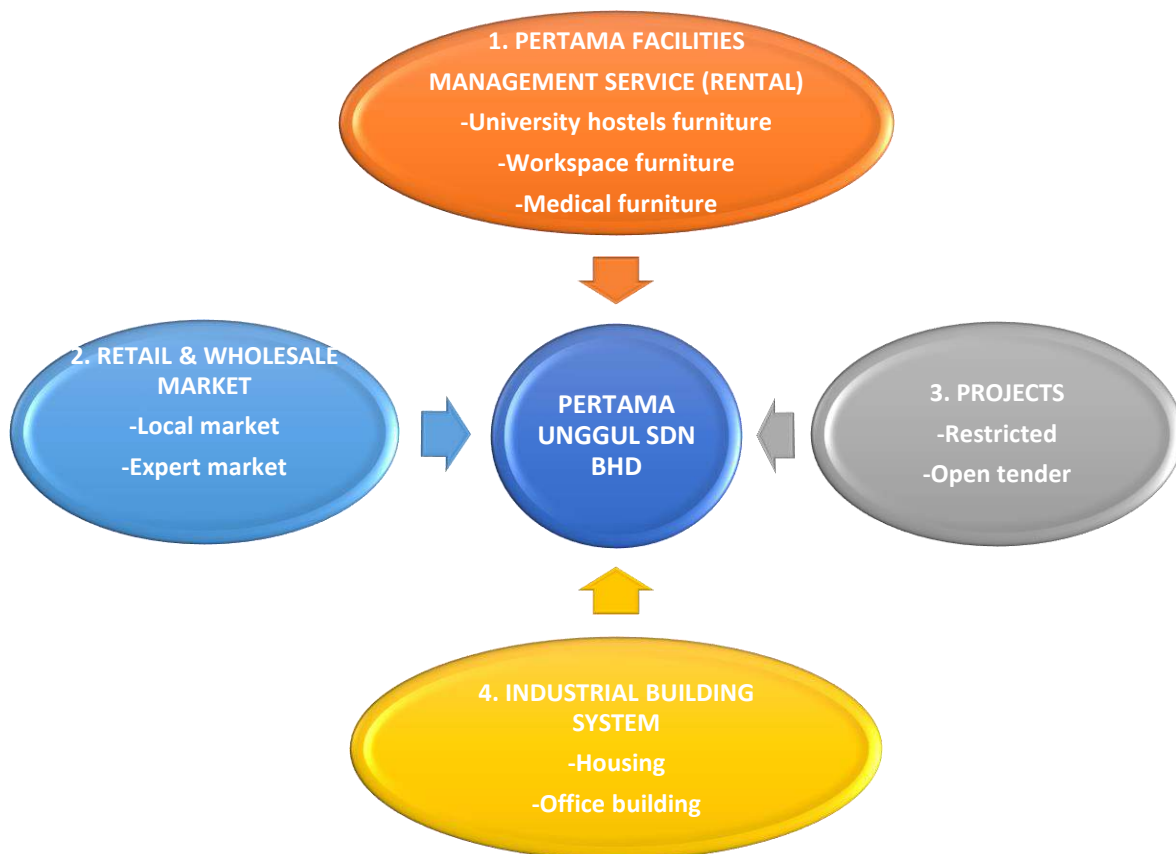


Figure 1: Business Model of Pertama Unggul Sdn Bhd

Pertama Unggul Sdn Bhd had four business models. The first was Pertama Facilities Management Services, made up of the manufacturing of rental furniture for university hostels, workspace furniture (furniture made according to the required workspace), and medical furniture (for hospitals, including university hospitals). The second business model was retail and wholesale market (local and export markets); while the third was projects (via restricted and open tender); and the fourth was Industrial Building System (IBS) (the manufacture of IBS products for housing and office building projects). The diagram above (Figure 1) shows the business models of Pertama Unggul.

PUSB derived its income from two types of businesses: furniture rental and furniture sales. Its furniture rental business concentrates on delivering hostel furniture to Malaysian higher learning institutions. PUSB mainly earns rental income from various Universiti Teknologi MARA (UiTM) campuses, Universiti Malaysia Kelantan, Universiti Islam Antarabangsa Malaysia, Universiti Utara Malaysia, Universiti Malaysia Perlis, and several Polytechnics. PUSB manufactures customised workstation furniture for rent in addition to hostel furniture. The company is now expanding its rental product line to include medical furnishings.

Manufacturing and providing wood and metal furniture for many agencies under the Penang state government, including Maktab Rendah Sains Mara (MRSM) and Mass Rapid Transit (MRT) Corporation Sdn Bhd, contribute to PUSB's furniture sales revenue. PUSB manufactures a variety of product categories, including office furniture series, institutional furniture series, labarotary furniture series, medical furniture series, and home furnishing furniture series.

3. THE ORGANISATION CHART OF PUSB

The establishment of the company was made by the senior management who decided to join together to pool their knowledge and abilities by venturing in the trade of metal and wood based furniture manufacturing. Below is the organizational chart of the company (Figure 2):

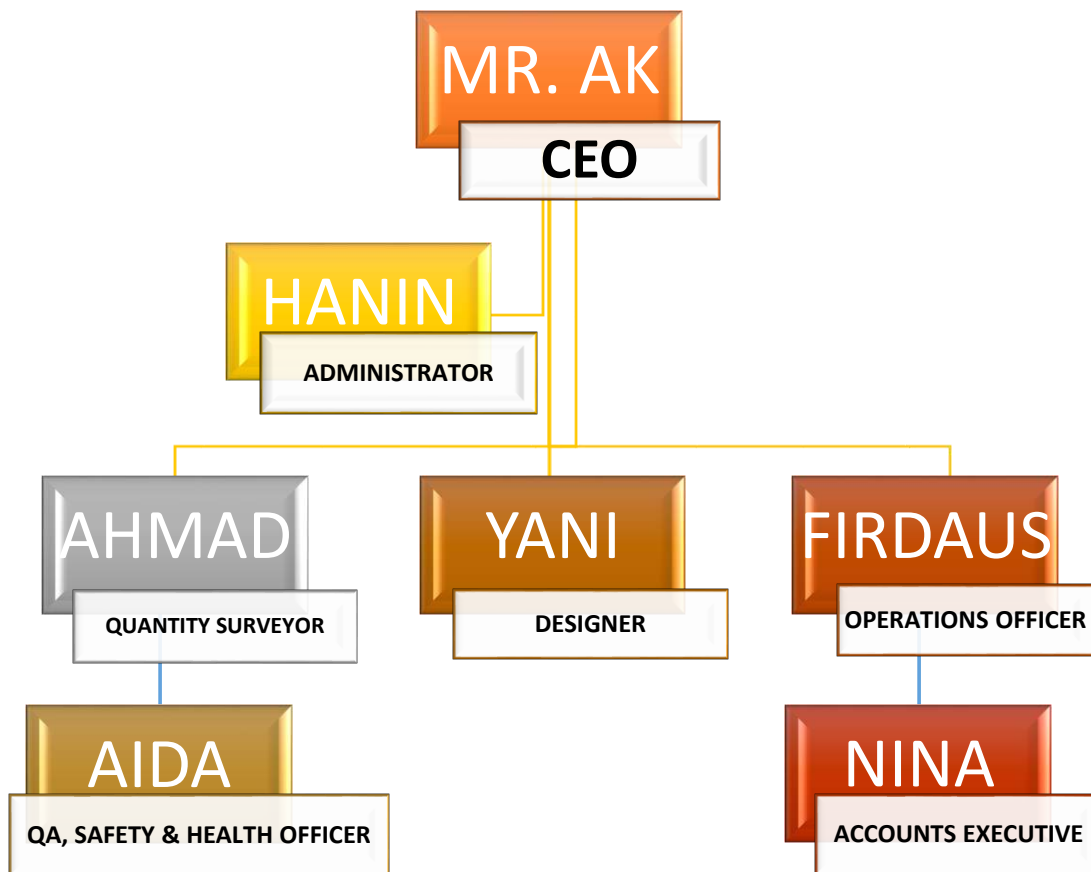


Figure 2: Organisational Chart of Pertama Unggul Sdn Bhd

4. TAX MATTERS OF PUSB

Under the self-assessment system, tax matters are becoming more complex to companies. With the growing list of Public Rulings, it is normal for a company to hire tax agent to handle the tax affairs. Mr. AK expected the tax agent not only to calculate the amount of tax the company had to pay but also educate the company on their rights and responsibilities, highlight the tax law, keep the company informed on the latest budget and provide advice on the tax avoidance. However, Jean Tax Consultant, the former tax agent of PUSB had failed to advise the company on the taxation matters. Mr. AK claimed that the tax agent failed to offer the company any suggestion or advice on how to implement tax strategies that would allow the company's tax burden to be legally reduced. Hoping that he would save millions but, in the end, he had to pay the price!

Table 1: Profit before tax and income tax liability for 2017, 2018 and 2019

Years of assessment	Profit before tax (RM)	Income Tax Liability (RM)
2017	378,440	1,342,438
2018	207,207	958,907
2019	70,050	139,531

As can be seen from Table 1 above, the income tax charged on PUSB in year 2017 was more than one million ringgits. The amount reduced to RM958,907 in 2018 and dropped significantly to RM139,531 in 2019. However, the number is still high considering the pre-tax profit reported was only RM70,050. Mr. AK was very dissatisfied with the tax agent, so he terminated their services and found another tax agent in 2018.

Things were getting worse when Ms. Wong, the accountant who had extensive experience and expertise in accounting and taxation, retired in 2018. As a replacement, the company had hired a fresh graduate, Sally to handle the company's accounts. After serving the company for less than three years, she quit and joined Universiti Sains Malaysia. Her position was replaced by Nina, also fresh graduate who has very limited experience in accounting and taxation. All this while Nina was assisting Sally with entering the data into the system. Nina is still trying to figure out the ins and outs of the company as everything is still green to her. Mr. AK did not get much help from her either.

"Nina, please bring me the 20XX income statement". Nina obediently looked for the income statement and passed the reports to Mr AK. He paid close attention on the income and expenses trying to figure out what went wrong.

PERTAMA UNGGUL SDN BHD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 20XX

	NOTE	RM
Revenue	1	15,611,144
Cost of goods sold	2	<u>(12,065,107)</u>
Gross profit		3,456,037
Other operating income	3	49,957
Administrative expenses	4	(871,223)

Selling and distribution expenses	5	(587,739)
Other operation expenses	6	<u>(1,074,856)</u>
Profit from operation		(1,062,176)
Finance costs	7	<u>(683,736)</u>
Profit before taxation		<u>378,440</u>

NOTES TO THE ACCOUNTS

1. Revenue comprises of:	RM
Sales of furniture*	6,812,031
Rental of furniture & fitting income	8,799,113
*included RM1,675,585 being prepayment expenses charged to sales of furniture. However, RM534,206 of the amount was charged as expense that generate rental of furniture & fitting income	
2. Cost of goods sold include:	RM
i. Purchase	
Purchase of raw materials expenses	1,640,105
Amortisation expenses incurred for rental of furniture income	7,180,250
ii. Medical expenses	
General medical expenses for staff and foreign workers	8,433
iii. Staff welfare and refreshment	
Food expenses, renewal of permit, fomema, levy, hostel rental, utilities and etc. for staff	45,356
iv. Subcontract wages	
Subcontract wages paid	118,461
v. Factory rental	
Rental of factory	94,995
vi. Factory requisites	
Purchase of consumable items such as screw, facemask, glue, sandpaper, thinner, paint brush, masking tape, brush, cable tile and etc.	39,311
vii. Forklift maintenance	
Repair and servicing forklift	10,161
viii. Insurance	
Risk insurance for furniture rented to UUM, Inasis Bank Rakyat	15,119
ix. Reshaping and reconditioning expenses	
Reshaping of cutter blades	2,643

x. Spare parts and tools	
Spare parts and tools for factory use (useful life than 2 years)	14,561
xi. Upkeep of machineries	
Repair and servicing machine	24,998
xii. Upkeep of factory	
Repair of factory	2,403
xiii. Upkeep of factory equipment	
Repairing and servicing factory equipment	13,307
xiv. Upkeep of electrical installation	
Repair of electrical appliances	1,820
xv. Depreciation	
Depreciation of furniture and fittings	1,243,043
Depreciation of manufacturing assets	351,385
3. Other operating income comprises of:	RM
i. Incentive received	
Incentive of e-Tradplus received from Matrade to recover the Alibaba membership registration fee incurred in YA2017	5,595
ii. Interest income	
Interest income for fixed deposit	43,812
Profit sharing for bank current accounts	550
4. Administrative expenses comprise of:	RM
i. Directors' remuneration	218,126
ii. Medical expenses for staff and directors	5,266
iii. Auditors' remuneration	20,000
iv. Bonus for staff	161,560
vi. EPF and SOCSO	51,131
v. Salary	345,116
vi. Staff allowance	56,586
vii. Printing of annual report for AGM	2,768

viii. Upkeep of office and office equipment	10,670
5. Selling and distribution expenses comprise of:	RM
i. Allowance and overtime	33,090
ii. Commission	
Payment to Ecart Service Malaysia Sdn Bhd for online sales system	19,530
Payment to Ang Kian Tiok for recommending customer	750
iii. Entertainment	
Entertaining existing customers and suppliers	700
Entertainment expenses for potential customers and external auditor	1,060
iv. EPF and SOCSO	30,122
v. Exhibition (approved)	
MIFF exhibition	54,140
MTIB- Wood and lifestyle exhibition	3,598
Registration fee for MIFF (subsequent year)	4,000
vi. Forwarding charges	30,075
vii. Medical treatment for staff	2,295
viii. Salaries and wages	205,919
ix. Staff welfare and refreshment	
Food expenses, hostel rental, utilities and etc. incurred for staff	30,482
Travelling expenses for company trip to Hadyai, Thailand	15,150
Duit raya for staff (not reported in staff Form EA)	200
x. Telephone charges	435
xi. Training, development and seminar	
Seminar CIPAA	350
Writing standard operating procedure training	2,231
Green card training	260
Health and safety at workplace seminar	2,646
Employment Act and Labour law seminar	1,760
Tax audit and budget seminar	1,887
Machine training course	1,403
Seminar transformasi penyewa	356
BIM methodology and guide training	1,758

xii. Transport	73,819
xiii. Travelling and lodging	
Local travelling expenses for business purposes	54,497
Overseas travelling expenses for participation furniture fair in China	13,085
Directors' private expenses	30,000
xiv. Upkeep of motor vehicle	
Petrol expense	195
Servicing and repairing company's motor vehicles	32,326
Servicing and repairing non-company's motor vehicles	3,612
Renewal of road tax and insurance for company's motor vehicles	7,865
Renewal of road tax and insurance for non-company's motor vehicles	1,962
6. Other operating expenses include:	RM
i. Advertisement	
Recruitment advertisement expenses	350
ii. Donation and gift	
Sponsorships and donation without acknowledgement	31,604
Sponsor of haji package to staff (not reported in EA form)	68,900
iii. Depreciation	202,216
iv. Entertainment	
Entertaining existing customers	89
Entertaining visitors	65
v. Stamping fee	
Stamp duty for loan agreement, bank overdraft, Tabung haji and etc.	11,520
Stamp duty for electric application at office	176
vi. General insurance	
Medical insurance incurred for staff	20,099
Insurance premium for Semi-D Lot 10587 & Lot 10588 (director private premise)	2,817
Insurance incurred for project- JKR Project & Politeknik	8,780
Fire insurance for machineries	12,503
vii. Incentive and reward	
Incentive, reward and duit raya paid to staff (not reported in EA form)	294,322
viii. Legal fee and disbursement	
Legal fee incurred for preparation of loan agreement	34,799
ix. License and permit	

Renewal of UBS accounting software license	528
Renewal of MPSP business license	740
Renewal of CIDB license	30
Renewal fee for SPKK license	30
Renewal fee of MOF license	2,570
x. Loss on foreign exchange rate	
Realised loss on foreign exchange rate	17,222
xi. Loss on disposal of property, plant and equipment	
Loss incurred on disposal of property, plant and equipment	47,097
xii. Miscellaneous expenses	
Expense incurred for waste disposal, pest control and office cleaning charges	10,275
Purchase of mattress sheet for consumable purpose (RM7/unit)	6,032
Calibration charges	880
Service charge for road tax renewal, banker cheque and courier service charges	62
Renewal domain name-puncakbumi.com paid to Mesra Net Sdn Bhd	300
Expense incurred for staff	808
Fee incurred for renewal of e-Tender and e-Perolehan to apply government tender	851
Expense incurred for purchase of padlock, key duplicate and cleaning utensils for office use	137
Training charges for UBS inventory and billing	142
UBS maintenance support subscription fee	600
Expense incurred for searching company data profile from SSM for application of foreign workers	466
Audit fees incurred for furniture product testing to meet FRIM criteria and standard	8,929
Tender fee-unsuccessful	1,351
Directors' private expenses	45,000
Compensation of Semi-D defect	(7,000)
Refund of water deposit (charged in account in prior years)	(200)
Purchase of items which have life span of more than 2 years:	
- 1 unit vacuum cleaner	283
- 1 unit grass cutter machine	420
- Installation of UBS Sage Payroll Software	3,450
Door gift for contract awarded dinner	289
xiii. Penalty	
Traffic summons	350
xiv. Postage and stamp	
Expense for postage and stamp	4,796
xv. Printing and stationery	
Expense for printing and stationery	18,646

xvi. Professional fee	
Consultancy fee incurred for design of product	6,500
Secretarial & tax filing fees	35,000
xvii. Registration fee	
MTIB registration fee for scheme	300
Registration fee for Institute Keusahawanan Negara Bhd	100
Renewal of CIDB green card	1,466
Renewal fee for MTIB as exporter	400
Renewal fee as supplier of UUM	30
MTIB registration fee for loan for material	4,962
Foreign workers renewal permit	600
Registration fee as supplier of Majlis Bandaraya Ipoh	30
xviii. Staff welfare and refreshment	
Food expense incurred for staff	2,217
Maintenance cost incurred for office's RO water	1,340
xix. Telephone charges	18,880
xx. Tender document	
Tender documents incurred for the following projects:	
-succesful project	300
-unsuccessful project	1,581
xxi. Travelling and lodging	
Local travelling expense, toll, petrol, bus fare, parking fee incurred for staff for business purposes	20,035
xxii. Upkeep of motor vehicle	
Petrol expense	495
Servicing and repairing company's motor vehicles	1,351
Servicing and repairing non-company's motor vehicles	15
Renewal of road tax and insurance for company's motor vehicles	1,419
Renewal of road tax and insurance for non-company's motor vehicles	360
xxiii. Upkeep of premise	314
xxiv. Uniform	5,018
xxv. Zakat	
Unapproved institution	80,000
xxvi. Salary for disabled employee	22,807

7. Finance costs include:	RM
i. Bank charges	
Cheque processing fee	10,299
Renewal of e-banker subscription fee	60
Semi-D detached house loan interest	33,908
ii. Loan interest	
Term loan incurred for financing rental of furniture contract and machineries	538,094
CGC interest incurred for project- UUM Inasis Bank Rakyat	33,652
CGC interest incurred for project- UiTM Segamat	9,654

Mr. AK carefully examined the attachment headed ‘Capital Allowance Schedule’ and noticed that the amount of capital allowance allowed for the year 20XX for rental of furniture and sales of furniture were RM2,095,865 and RM2,168,742, respectively. There was no unabsorbed capital allowance brought forward from the previous year for furniture rental. However, the unabsorbed capital allowance was RM1,831,436 for furniture sales.

5. CONCLUDING REMARKS

“Thinking of how much tax the company will have to pay this year and subsequent years is a nightmare to me,” said Mr. AK.

Recognizing that he cannot rely exclusively on his tax agent, Mr. AK is now resolved to gain information and understand ways for decreasing the company's tax bills. He intends to do the right thing and make things right before handing over the company to his accessor. He believes that he should be in command of his tax affairs rather than relying exclusively on the tax agent. He dialled the phone number of an old friend, Professor Julia, an expert in taxation.

“I hope Julia can help me out”.

ACKNOWLEDGEMENTS

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Freedom of Speech from The Perspective of Legal Advisor

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Teaching Case Synopsis

Freedom of speech has always been a crucial issue that will burst the emotion of most people and human rights activists when discussing or debating this issue. Hence this study objective is focusing on three rules—first, the Official Secret Act 1972 restricted people from seeking or gaining information from a government document. Second; The Film Censorship Act 2000 prohibited people from expressing their views, thoughts, and ideas through films. The Sedition Act 1948 by the Government to control the public from commenting and complaining about the Government and ruler. A qualitative method is used where the in-depth interview was conducted with Legal Advisor from K.Kulasekar & Associates, Mr. Muhammad Wan Fairuz Hanef B. Wan Azhar. As a result of the discussion, he agreed that the Sedition Act be repealed. It restricts the freedom of speech for the people of this country to express their views and reprimands on misconduct committed by the Government and the ruler. This clearly shows that the freedom of speech enshrined in the Federal Constitution has been neglected. Freedom of speech in the practice of democracy is also not applied. However, the Government stressed that the formation of this law is for the sake of harmony of the people formed from various races and ethnicities.

Keywords: Freedom of speech, Official Secret Act, Film Censorship Act, Sedition Act

1. INTRODUCTION

Mr. Wan Mohammad Fairuz Hanef has been an advocate and solicitor since 2011, when he earned a Bachelor of Law degree from UKM. He was attached at K.Kulasekar & Associates in Petaling Jaya. This law firm was established in 1991. Mr. Wan stepped into his office in Petaling Jaya after completing the trial at the Seremban Court. Most of the cases he handled were summon points, including accidents claim, insurance, and criminal matters. He always works long hours to prepare the case or fight for justice.

While taking a breaktime, Mr. Wan surfed Facebook. His eyes were glued to the news that was going viral now. Freedom of speech has always been a crucial issue that will burst the emotion of most people and human rights activists when discussing or debating this matter. Mr. Wan addressed this matter with his team member, Mr. Shahrul. He insisted that this freedom of speech is an absolute right for them to exercise speech and expression without constraints. Mr. Wan added that this right is essential to the existence of democracy and human dignity. Therefore, this right to free speech and expression is provided in Article 10(1)(a) of the Federal Constitution. It states this subject to clauses (2), (3), and (4) which say that every citizen has the right to freedom of speech and expression. Nevertheless, how far is this provision allowed to exercise in Malaysia?

Nevertheless, seeking more profound his inner thoughts that freedom of speech is enshrined in the Federal Constitution, what is the Sedition Act's role in this issue? He also thought that the uncontroverted fact that we accept, living in this modern society, is that we as human beings are born free and inherently endowed with inseparable rights to the fundamental freedoms that freedom of speech is one of it. It is pertinent to note that every one of our citizens' fundamental rights is conferred in our Supreme law of the Federal Constitution.

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2. K. KULASEKAR & ASSOCIATE BACKGROUND

K. Kulasekar & Associate was established in 1991, located at No.2, 3/59, Jalan Aman, Pjs 3, 46000 Petaling Jaya, Selangor, and owned by Mr. K.Kulasekar. Members Lawyer was Wan Muhammad Fairuz Haneff B. Wan Azhan and Sharul Izuan B. Razali. The firm is a law firm offering legal advice for business solutions, litigation, criminal cases, disputes, settlements, start-up solutions, business structuring, land matters, and more. K.Kulasekar & Associate work closely with clients to provide exceptional legal services catered specifically to their needs.

K.Kulasekar & Associate is a registered law firm with the Bar Council of Malaysia, a professional body that regulates the profession of lawyers in Peninsular Malaysia. To be eligible for the bar admission, K.Kulasekar & Associate law firm and its lawyers have satisfied all the academic, practical, and formal requirements under the Legal Profession Act 1976, consolidating the law relating to Malaysia's legal profession.

The law relating to the restriction of freedom of speech

As a lawyer, Mr. Wan understand that Malaysia's society was formed of many ethnic, races, and religions. Hence the Government has developed a law to restrict on freedom of speech and expression of the public. The Official Secret Act 1972 (OSA) prohibits people or the public from seeking, receiving, and imparting information and ideas from the Government's document. Hence, this Act gives provision to the Executive branch to classify the file as "Top Secret," "Secret," "Confidential," and "Restricted." This classification brought to understand that this information is unavailable to the public and is only available to government officials on a "need to know basis." Mr. Wan still remembers applying this law in *Lim Kit Siang v PP* where it was held that Appellant's status as Member of Parliament (MP) and as a Leader of Opposition during that time. Thus, this status does not confer him immunity from OSA. The main concern here is that any person could be convicted by OSA regardless of his position or noble intent when disclosing the Government's document. Therefore, Mr. Wan concludes that the OSA protects all classified information. However, the uncontroverted fact that we accept, living in this modern society, is that we as human beings are born free and inherently endowed with inseparable rights to the fundamental freedoms that freedom of speech and free to seek information and request to know the data is one of them. It is pertinent to note that every one of our citizens' fundamental rights is conferred in our Supreme law of the Federal Constitution.

Mr. Wan also highlights that the danger of this freedom of speech in Adam Adli's case. Adam Adli, 30, was charged with giving a seditious address at a rally in the Kuala Lumpur and Selangor Chinese Assembly Hall in Jalan Maharajalela, Dang Wangi, between 8.55 pm and 11.15 pm on May 13, 2013. In his speech, he urged people to protest the widely contested 2013 general election results. He campaigns for the protection of student rights and academic freedom. He was sentenced to a year in jail on September 19, 2014, on charges of sedition concerning a speech he made at a post-election forum.

However, The Court of Appeal acquitted activist Adam Adli Abdul Halim to give an allegedly seditious speech at a public rally in 2013. The judge said that the court's view was that there was much misdirection of law by the Sessions Court judge rendering Adam Adli's conviction unsafe. Another case that applied this law was Alvin Tan's case. He was charged jointly with his girlfriend Vivian Lee for making a seditious posting on their Facebook. They were charged under subsection 4(1)(c) of the Sedition Act 1948. The main issue of this case is their action considered as an intention to incite public disquiet.

Based on these cases, the Government uses this law as a tool to restrict the free speech and expression of public ground. Nevertheless, Mr. Wan also added that *'It is my conviction that it is a trite principle of democracy and by Article 10(1)(a), amongst other, that every citizen in exercising this conferred right should not be prohibited from expressing their opinion or belief and having them exchange freely without unreasonable interference from the Government. He also confident that this statement was supported by the decision of the Federal Court in the case of Loh Kooi Choon v Government of Malaysia [1977] 2 MLJ 187, Raja Azlan Shah FCJ (as His Royal Highness then was) said in an oft-cited passage:*

- i. "...The Constitution is not a mere collection of pious platitudes. It is the supreme law of the land embodying three basic concepts. One of them is that the individual has certain fundamental rights upon which not even the power of the State may encroach...."

As much as we enjoy this freedom of speech, we must always warn ourselves that every legal right is intertwined with obligations. In other words, every right, particularly the right to freedom of speech, must be exercised with certain restrictions to circumvent the adverse impacts on the peace and tranquility of society as well as the national security of the country. Free speech is fiercely guarded because of the critical values it promotes.

Hence, Mr. Wan believed that any expression of views or opinions inclined to incite or provoke hatred and negative feelings based on race, religion, and ethnicity should not be celebrated. It will put our democratic values and social harmony at great peril. *"Coming to the question posed, it is quite peculiar to talk about Sedition Act 1948 without discussing its origin. In short, the Sedition Act was an archaic law enacted by the British colonial Government to combat the Communists. The very purpose was to set down numerous limitations on freedom of speech to curbing opposition to colonial rule."* Says Mr. Wan.

Thus, it is axiomatic that the British colonial Government had used this Act to protect and help strengthen their position in Malaya. Any citizen who infringes the same, by having openly public dissent or go against them, shall be punishable under this Act.

Concerning Malaysia gained its independence from the British, the ruling party had this Act expanded in terms of its scope/role concerning be made to Section 3(1)(a) – (f) of the Act. Thus, the part can simply be said to keep citizen mouth shut by the ruling Government. Having that in mind, it was evident where there were various occasions by which the opposition politicians, activists, journalists, and academicians had been arrested and charged under this repressive Act. Hence, the action could be said that abuse by the Government is not different from the reign of the British colonial Government in terms of its application of the law. One of the cases related to this law was journalist Susan Loone's case. According to a report on Malaysia Kini, the Centre for Independent Journalism is appalled that *Malaysiakini.com* journalist Susan Loone has been arrested under the Sedition Act for reporting the comments of a Penang Executive Councillor. Loone's arrest is the latest in a spate of investigations aimed at curtailing legitimate voices of dissent. In the same week, the police also announced that they would investigate University Malaya's lecturer, Azmi Sharom, for giving a legal opinion about the resolution of the Perak crisis of 2009.

Film Censorship Act 2002 (FCA) was developed as a tool for Government to control violent films. The Government also formed the law to restrict the freedom of speech and expression on morality. The main elements in FCA are to maintain the freedom of speech and expression through films that will incite the harmony of society as we know that Malaysia is made up of multiple races and religions. Hence, the censorship will be based on the four main elements, which are; i) Security and Public Order; ii) Religion; iii) Social Culture; and iv) Decorum and morality. The foundation for which the Film Censorship Board carries out its functions should be based on two main principles, namely:
1.1 A film should be allowed to be widely distributed to viewers consistent with its theme and message;
1.2 Adults should be given the freedom to choose any content that they may wish to view if it is permissible and not potentially detrimental. Sec (5)(1) of FCA states that (1) Nobody can:
a) Possessor causing oneself having in possession, guardian, controlling or in custody; or
b) Telecasting, screening, distributing, displaying, making, producing, selling, or rent out any films or pornographic film publicity materials or otherwise are against public decency. Punishment for this offense under Sec. (5) (2) Anyone who violates subsection; a) Commits a crime and when Incriminated can be fined not less than ten thousand ringgit and not more than fifty thousand ringgit or jailed for a term not more than five years or both.

One of the cases that sparked the sensitivity of Malaysians in 2013 was Lena Hendry's case. The film so-called No Fire Zone (the killing fields of Sri Lanka) was screened in public at Central Market cinema without being censored by The Film Censorship Board of Malaysia. The Embassy of Sri Lanka urged Malaysia's Government to stop the screening of the films, which will impact the image of Sri Lanka due to those films contain documentaries about the Sri Lanka armed conflict. Lena Hendry

was one of the NGO members who was the organizer of the event. She was charged under Section 6(1)(b) of the Film Censorship Act 2000 and sentences of a fine of RM10,000.

"As we are all aware, the Government's need to maintain national security is one of the Government's expected responsibilities towards its citizen. Still, it should be done not at the expense of their rights. As a legal practitioner, I strongly agree with the position taken by the Malaysian Bar that the Sedition Act is a draconian and oppressive law where its existence is only open to abuse by the relevant authorities/Government," informed Mr. Wan.

Since this Act was often used and abused as a political weapon, the urge to have it repealed/abolished is somehow justifiable. Suppose the Government found that it is almost impossible to abolish this Act. In that case, the least they can do is amend it by setting down its applicability limitations. Indeed, the amendment must be done in harmony and recognition of constitutional rights guaranteed under the Federal Constitution.

"Therefore, I believe that to associate the role of the Sedition act or even complement it with the freedom of speech enshrined in the Federal Constitution is seemingly absurd," says Mr. Wan.

According to the Oxford Learner's Dictionary, "Effectiveness" defines as the fact of producing the result that is wanted or intended, the point of having a successful outcome.

Hence, the general meaning of effectiveness of a law is fair can be said as the extent to which rules solve the problem they were designed to address. *Generally, racism is a real-life threat and global issue, but Malaysia's authority has yet to tackle this issue effectively from my observation. The general or basic concept of anti-racism in Malaysia is entrenched under our Federal Constitution Article 8, which the wording of the provision reads as follows: -*

- i. Article 8. Equality.
 - (2) All persons are equal before the law and entitled to the equal protection of the law.
 - (3) Except as expressly authorized by this Constitution, there shall be no discrimination against citizens on the ground only of religion, race, descent, place of birth, or gender in any law related to the appointment to any office or employment under a public authority or in the administration of any law relating to the acquisition, holding, or disposition of property or the establishing or carrying on any trade, business, profession, vocation, or employment.

The circumstances that may lead to the seditious tendency are defined under Section 3 (a) – (f) of the Sedition Act 1948. In respect to this particular issue, the relevant provision is specified under Sect. 3(1)(e) of the Sedition Act where the wording of the provision reads as follows: -

- (1) A "seditious tendency" is a tendency—
 - i. (e) to promote feelings of ill will and hostility between different races or classes of the population of Malaysia.

Be that as it may, looking at the increased incidence of the frequent open quarrel amongst the people between different races in Malaysia, which always lead to racial hatred speech, I am personally of the opinion that the Sedition Act has failed its purpose to prevent an escalation of racism issue even though it was enacted almost 73 years ago.

Further, due to this section's vague and equivocal wording, it is always open to the Government to abuse this provision of law without limitation or boundary despite no call for violence.

As we are still under the phase of immature democracy, citizens should not be deprived of speaking their minds. They should be allowed to go through several and various experiences to change their opinion to create a progressive and tolerant society. In other words, the Government should not hinder the citizen from expressing and exchanging their ideas or constructive criticism even though the discourse involving a sensitive subject about race, ethnicity, and religion.

However, as mentioned earlier, every right is intertwined with obligations. The rights given must be systematically regulated, for having it without limitation will always lead to racial tension and disaffection amongst our multi-racial society. Hence, the urgency for enacting the specific legislation on the hate crime and hate speech law is called for despite another current legislation that aims to curb hate speech, evident in section 298A of the Penal Code.

Concerning the duties as well as rights on this issue, Raja Azlan Shah J in Public Prosecutor Ooi Kee Saik & Ors put it succinctly:

"...There cannot be any such thing as absolute or uncontrolled liberty wholly free from restraint, for that would lead to anarchy and disorder. The possession and enjoyment of all rights are subject to reasonable conditions that may be deemed essential to the community's safety, health, peace, and general order and morals. What the Constitution attempts to do in declaring the rights of the people is to strike a balance between liberty and social control...."

In summary, the Sedition Act must be abolished as its failure to achieve its objective and often been used by the Government as a tool to oppress society due to the vague and equivocal wording of the relevant section discussed. The replacement of the same and the new specific and comprehensive legislation to regulate racial incitements and curb issues that lead to racism in our country should be enacted as quickly as possible.

Undoubtedly, being the Fourth Estate, Press and Media is a mighty branch/organization in the country because, from the democratic point of view, the press is essential in becoming the eyes and ears of the public. In contrast, without the press, societies would remain in the darkness and be left unenlightened.

Even though the freedom of the press is not explicitly mentioned in Article 10(1)(a) Federal Constitution, it can be impliedly interpreted that these rights also apply to the media. *I am on the opinion that abolishing the Sedition Act and specific provision in Communication & Multimedia Act – Section 233, will enable the journalists to be fairer in reporting the issues about the political leaders where they can freely exercise their rights to criticize and condemn the ruling government or even opposition party without fear and favor.*

Be that as it may, as journalism is undoubtedly a profession, they should conduct themselves ethically and maintain their integrity by being honest, independent, transparent, and responsible for any of their conduct unbecoming. Journalists should avoid such dissemination of false or fabricated reports or distortion of truth at all costs. *As mentioned earlier, every right is intertwined with the obligation/duties. There were also occasions where the press abuses its conferred freedom by disseminating false/ untrue/ defamatory statements.*

The law that regulates the rights and limitation of ownership, such as the Defamation Act and the provision concerning the Criminal Defamation provided under Chapter XXI of Penal Code, should be remained as it is but abolishing the Sedition Act and Sect. 233 of MCMC is called for as the Government has often abused it.

CONCLUSION

After the in-depth discussion on freedom of speech and the law related to the restriction of freedom of speech and expression, Mr. Wan shared his concern regarding the effect of COVID-19 on the emergence of comments from a citizen in social media. He feels worried that most netizens did not alert about their views on social media will cause the charges under Sedition Act 1948 and the Communication and Multimedia Act 1987. Yet, the awareness or alertness about this cyber law still needs to be enlightened among the people of Malaysia.

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Broadcast Yourself via Digital Marketing: A Case Study of ‘Saiful Nang’

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Teaching Case Synopsis

CandidSyndrome International is a brand of professional services in photography and video media established in 2004 and founded by Colours of Asia Sdn. Bhd. Established by its executive chairman, Saiful Nang (one of the renowned photographers in Asia) has expertise in producing photo, video content, and offering a huge range of services which is rated to be one of the largest privately owned companies in photographic media in Malaysia. CandidSyndrome services sprawl worldwide from the North to South and East to West in service coverage. Being a renowned brand in this field is the greatest thing that ever happened to this company, but all the history initiated with only passion and determination by the founder Saiful Nang who had failed in a couple of businesses between 2001-2004 before CandidSyndrome. He then took the failure as a challenge and without capital and only \$25 in his pocket during that time; he used all his effort and creativity to generate business from a borrowed camera. Since then, he never looks back, and the CandidSyndrome flagpole is erected till its victory we feel now. This best practice company will expose the element of digital marketing that has been practised, digital skills content and personal branding.

Keywords: Digital marketing, digital skill, personal branding

1. INTRODUCTION

Today entrepreneurs face challenges in managing and expanding their business. Among the challenges in general are a) managing the cash flow, b) time management, c) choosing a niche, d) defining a marketing strategy, e) lookout for the initial funding, f) employee hiring process, g) managing tasks, h) competitor challenges, i) creating branding strategy, and j) lack of confidence (Entrepreneurs Empowering Entrepreneur, 2019). In terms of communication, the challenges faced are a) maintain a reputation, b) too much technical speech and jargon, c) withholding information, d) too much ego and too little empathy, and e) not understanding the topic of discussion (Manning, 2016) and f) difficulty building trust with audiences (Frei & Morriss, 2020). This communication challenge makes it difficult to build a personal brand among entrepreneurs as well as customers (Basu, 2018). Personal branding is the practice of marketing people and their careers as brands. It is an ongoing process of developing and maintaining a reputation and impression of an individual, group, or organization. Whereas some self-help practices focus on self-improvement, personal branding defines success as a form of self-packaging (Henderson, 2019).

Meanwhile, according to Brown (2020) the 10 challenges faced by marketers in digital marketing are a) creating consistent branding, b) generating traffic and leads, c) managing website, d) securing an effective budget, e) understanding tools and technology, f) creating the right content, g) finding the best marketing talent, h) determining marketing return on investment, i) training team and j) facilitating increased customer engagement. McHale (2020) suggest five keys to start digital marketing: a) develop

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a necessary skill, b) be a contractor before becoming a founder, c) develop the right business model, d) define niche, e) decide employer, talent, networking and target audience, and make a decision in digital marketing.

Today, the use of media technology in digital broadcasting, broadcast yourself and digital marketing in the industry plays an important role in expanding the reach of targeted customers. Digital broadcasting broadcast yourself and digital marketing are the comprehensive techniques or strategies in growing businesses in this era. Digital broadcasting is a transmission of text, images, or sound via digital rather than analogue signals. Digital television broadcasting (especially satellite television) is widespread. Digital audio broadcasting is widely used for radio broadcasting, where it is used mainly on satellite radio (AllBusiness.com, 2020).

Meanwhile, the term broadcast yourself it comes from the slogan of the YouTube website is "Broadcast Yourself." This implies the YouTube service is designed primarily for ordinary people who want to publish videos they have created. While several companies and organisations also use YouTube to promote their business, the vast majority of YouTube videos are created and uploaded by amateurs (TechTerm, 2020). The term digital marketing is the use of the Internet, mobile devices, social media, search engines, and other channels to reach consumers. Some marketing experts consider digital marketing to be an entirely new endeavour that requires a new way of approaching customers and new ways of understanding how customers behave compared to traditional marketing (Barone, 2020).

Digital marketing is the practice of using a wide range of digital communication channels to promote products and services in order to communicate with consumers in a timely, relevant and cost-effective manner (Kamal, 2016). Besides, it is also a projection of traditional marketing, its tools and strategies, on the Internet. Digital marketing is to give full play to modern communication technology. The significant role of computer technology is placing the whole process of marketing under the control of modern communication and computer technology. At present, rather than a subtype of conventional marketing, digital marketing has become a modern trend that incorporates customisation and mass distribution to accomplish marketing purposes and meet consumer objectives. (Piñeiro-Otero & Martínez-Rolán, 2016).

One more aspect of this is broadcast yourself in digital marketing. YouTube's slogan "Broadcast Yourself" implies that the focus of this website is to facilitate users to upload their videos. The aim is to provide a platform where people can express their creativity. To some extent, YouTube has been immensely successful, averaging 65,000 daily uploads (Lee, 2006) and being visited by 20% of Internet users every day (Alexa, 2008). Thus, it is often considered a good example of a website focused on user-generated content (UGC) (Gomes, 2006; Meeyoung Cha et al., 2007; Woolley, 2006). The prevalence and importance of UGC were also stressed by Times magazine, who in 2006 found "You" to be the Person of the Year, and a recent survey found that the executives of large media companies thought user-generated content was the biggest threat to their businesses.

Due to the massive amount of traffic receives, YouTube also attracts large amounts of professionally created content. Some of this content is uploaded by professionals or the companies that manage them, such as Sony or MTV. Some of it is uploaded by users who happened to be able to capture it somewhere and now wish to share it with the rest of the world. In other words, YouTube is an environment full of mash-ups, parodies, malapropisms or simple copies. YouTube is also used as an effective digital marketing platform because of its great impact on web users and web visitors. For this reason, numerous video production companies in the world utilise internet video sites like YouTube as a platform to promote various businesses and companies (Krasniak, 2017).

Therefore, Tuan Haji Saiful Nang become a case study for this research as he is among a pioneer of a digital marketer in Malaysia. He had been broadcasted the photos and videos through digital marketing in setting up and strengthen their business. Thus, it is offered rich information on a digital marketing

plan, strategies, implementation and evaluation in the context of a sustainable company. His company, The Colours of Asia Sdn. Bhd. located in Selangor has tremendously experienced in exploring the trials and errors of digital marketing strategies as host by him and his teams. His knowledge is undoubtedly presentable as he was awarded by various recognitions from well-known bodies, national and internationally. Precise his daring in innovating and naturally creative become a steppingstone for the company to utilise the digital aura optimally. By blending his perspective on digital marketing and digital era needs, it will narratively present the story of a successful broadcaster.

He said:

“I start my business with RM90 in hand, a borrowed the DSLR camera and take a wedding picture as a beginning of my project”

He started his job as a village photographer. No financial assistance from banks, relatives, parents or other sources. Born into a very poor family. With a monthly salary rising of RM350, he had to work hard to develop his career. With the efforts, experience and approach implemented by him, until now he has become a photographer or videographer in the government of Brunei, celebrities, overseas sports stars, ministers and more. He developed the Colours of Asia Sdn. Bhd. (photography, videography and digital marketing) business and is respected in Asia. His business is based in Jakarta, Brunei and also Stockholm, Sweden. The transition from analogue to digital has pushed him to broadcast his brand and gradually digitalisation in contents and platforms. The digital marketing strategy embark his personal branding in the market. For him, the transition and shifting in business are compulsory in order to be a market leader in your industry.

Therefore, this study is essential and should be implemented to provide the knowledge on fundamentals of digital marketing and to understand the skill for digital marketing. This study also will use Saiful Nang as a successful protagonist to become a digital media entrepreneur such as a photographer and video content. The tips and approaches taken by him can be an example to other businesses to start to digitalise their brand.

2. BACKGROUND OF THE INDUSTRY (ONLY IF APPROPRIATE TO THE CASE)

“I am an explorer. I love to try new things in life. Never look back I expand my businesses in various types of industry and starting to build my brand”

CandidSyndrome International has been established in 2004. Currently, this company operates from two main bases in Kuala Lumpur and Bandar Seri Begawan, Brunei and a couple of representatives base in Stockholm & Jakarta respectively. One of the best things about this company, "we are not a company with few people shoot everything, BUT we are a company harbouring MANY SPECIALIST in many specializations. Bear in mind, we do not sell Jack-of-all-trade but specialist".

CandidSyndrome is a component of business in Colours of Asia Sdn. Bhd. group of companies with 90% shareholdings owned by Colours of Asia Sdn. Bhd. The parent company is Colours of Asia Sdn. Bhd. that subsidiaries 90% of their equity to Saiful Nang and 10% to Akmal Asyraf. Both shareholders are proxy shareholder of Pertubuhan Kebajikan Rumah Pengasih Warga Prihatin, Rumah Anak Yatim and Asnaf who develop businesses for maintaining and developing the orphanage. The remaining of equity of CandidSyndrome subsidiaries to Muhamad Syufaat. Whereas the OMG Creative Sdn. Bhd. the online retail/importer/business distributor subsidiaries the 90% equity to Colours of Asia Sdn. Bhd. and 10% to Dinie Dr. Masjuki. Both shareholders are proxy of Pertubuhan Kebajikan Rumah Pengasih Warga Prihatin and Saiful Nang Academy Sdn. Bhd. Next, the Skills Development and Professional

Training College subsidiaries the 90% of equity to Colours of Asia Sdn. Bhd. and 10% to RM Syibli RM Fakih.

Throughout history, this company becomes one of the most sought after photographic and cinematography teams in South East Asia (*Quoted from Channel NewsAsia, 2011*) because of the power of the pack. He mention that:

“Even I am independent person but I never walk alone in this branding journey. I have list out of my loyal employees who devoted their life to the charity, photography...they are with ever since”

Here is the list of specialists who put their hand in rendering the magical touch on their images and impactful video works. Refer to Table 1.

Position	Expert
Principle	<ul style="list-style-type: none"> • Saiful Nang, Founder & Principal Malaysia • Ahim Rani, Principal Brunei • Mattias Ram, Principal Stockholm
Producer, cinematic, creative & art director	<ul style="list-style-type: none"> • Saiful Nang, Creative & Art Director (Kuala Lumpur) • Ahim Rani, Creative & Art Director (Brunei) • Azman Salikin, Producer • Syafaat Yazid, Film Director • Dinie Masjuki, Aerial Drone
Photographer	<ul style="list-style-type: none"> • Saiful Nang, Specialist in Wedding & Portrait Photography • Ahim Rani, Photojournalism • RM Syibli Fakih, Specialist in HDR, VR, Architecture & Landscape, Academy Instructor • Dinie Masjuki, Off-Shore Specialist in Wedding Photography, Aerial Photo & Video and AV Technology Engineering • Syafaat Yazid, Off-Shore Video Directing Specialist • Haraz Nik Mat, Off-Shore Photojournalism Specialist & Academy Instructor • Ikhwan Masjuki, Off-Shore Photojournalism Specialist

Table 1: List of Specialist

This team started as a photography company in 2004. Today they have expanded vigorously since then and they have almost everything under the flagship of photography and filming works. One of the best things is that we do it all with our people and equipment 100% in-house. Here is the list of services that they are offering. Refer to the Table 2.

Services	Program
Live feed/webcast/small mega-event coverage	<ul style="list-style-type: none"> • TV Talkshow Program (Live Edit) • Live event webcast • Live Feed Coverage • Wedding Event Live Feed / Multi-camera Production (MCP) • Event coverage • Live Telecast (Supply input signal to broadcaster) • Drone Cameras (Radio Controlled Octocopter) - Low altitude aerial coverage for the mega event

	<ul style="list-style-type: none"> • Corporate Training Coverage Video
Filming works	<ul style="list-style-type: none"> • Short Film Production • TV Commercial (TVC) • Public Service Announcement (PSA) • Event Coverage (Small - Mega Event size) • Web Viral Video (<i>viral strategy consultation included from doctoral research by company in University Utara Malaysia</i>) • Wedding Short Film • Wedding Video Coverage • Destination Wedding (overseas wedding) • Destination Filming Works • Fast Edit Event Highlight • Film Special Effect • Green Screen Shooting • Post-production • Drone Camera Coverage (Low altitude / Indoor) • Heli Cam Coverage (High altitude) • 3D Environment mixed life action / 3D Character mixed real environment • Rotoscoping / Compositing
Special angle coverage	<ul style="list-style-type: none"> • Helicam Coverage • Drone Coverage • 24 feet Jib Crane & Pan Tilt Head with electronic servo control • 10 feet Mini Jib Arm Crane • Steadicam • GoPro HD Camera
Photography range of service	<ul style="list-style-type: none"> • Corporate & Commercial Photography • Travel & Landscape Photography • VIP / VVIP Portrait (<i>Obviously normal people are much easier and most welcome</i>) • Architecture & Interior Photography • Royal Protocol Coverage • Wedding Photography • Royal Wedding Photography Coverage • Industrial Photography • Product & Food Photography

Table 2: List of services

The diversity of services allows them to be the preferences of the customers. There are engaging with many clients locally and internationally. Countless of individuals and companies to mention in the list. Refer to Table 3 for details of the clients' list.

List of Clients		
<ul style="list-style-type: none"> • His Majesty Sultan Haji Hasanal Bolkiah Muizaddin 	<ul style="list-style-type: none"> • Lumina Communication Pt. Ltd (Singapore) • Menara Kuala Lumpur 	<ul style="list-style-type: none"> • Kementerian Pertanian & Industri Asas Tani

<ul style="list-style-type: none"> Waddaulah, The Sultan of Brunei Darussalam • His Majesty Sultan Muhammad V, Sultan of Kelantan Darul Naim • Her Royal Highness Princess Hajjah Majeedah Nuurul Bulkiah • Her Royal Highness Princess Hajjah Hafizah Sururul Bolkiah • His Royal Highness Tengku Dr. Muhammad Faiz Petra, Kelantan Regeant • Istana Negeri Kelantan Darul Naim • Istana Nurul Iman, Royal Palace of Brunei • Kementerian Penerangan, Kesenian & Warisan • Kementerian Belia & Sukan • Kementerian Sumber Asli • Kementerian Pengajian Tinggi • Provert Holdings Sdn. Bhd. • PUSPANITA • World Islamic Economic Forum (WiEF) • Hari Belia Negara, Himputan Sejuta Belia • 1M4U • Worldwide Holdings Bhd. • Nisa Mazbar Boutique • Cosry Boutique • Mouwad Diamond • Jabatan Kerja Raya (Civil Works Department) • Universiti Tun Hussien Onn • 23. Universiti Teknikal Malaysia Melaka • Universiti Putra Malaysia • Universiti Malaya • Kementerian Pertanian & Industri Asas Tani • Stadium First Sdn. Bhd. (Company of KBS) • Jabatan Pembangunan Kemahiran, Kementerian Sumber Manusia 	<ul style="list-style-type: none"> • Malaysia Embassy in Sweden • Malaysia Embassy in Finland • Jabatan Pengajian Kolej Komuniti • Kolej Komuniti Kuala Langat • Kolej Kemahiran Tinggi Mara, Rembau • MARA • Medic Mesir • Petronas • Prolintas • MIDA • DBKL • 1MDB Berhad • Telekom Malaysia • MKLand • Kementerian Dalam Negeri • Royal Brunei Airlines • Lumina Communication Pt. Ltd (Singapore) • Menara Kuala Lumpur • Malaysia Embassy in Sweden • Malaysia Embassy in Finland • Jabatan Pengajian Kolej Komuniti • Kolej Komuniti Kuala Langat • Kolej Kemahiran Tinggi Mara, Rembau • MARA • Medic Mesir • Petronas • Prolintas • MIDA • DBKL • 1MDB Berhad • Telekom Malaysia • MKLand • Universiti Putra Malaysia • Universiti Malaya • Royal Brunei Airlines 	<ul style="list-style-type: none"> • Stadium First Sdn. Bhd. (Company of KBS) • Jabatan Pembangunan Kemahiran, Kementerian Sumber Manusia • Offshore Works Sdn. Bhd. • PBJV Group Sdn. Bhd. • Projek Lebuhraya Pantai Timur • Projek Markas Laut Wilayah Utara (MAWILA) Langkawi • Penang Port • Tidal Marine Engineering Sdn. Bhd. • Dr. Nik & Associates, Engineering Consultant • Arkitek Hajeedar • Tourism Malaysia • MARDI • Port Tanjung Pelepas (PTP) • YAB Datuk Ghani Osman, Ex-Chief Minister of Johor • Anita Sarawak • Ning Baizura Dalton Hamzah • Erra Fazira & Engku Emran • Datuk Dr. Sheikh Muszaphar Shukor, First Malaysian Astronaut • Datuk Kamarudin Meranun, Co-founder, TUNE Group • Tan Sri Sanusi Junid, Ex Chief Minister of Kedah • Audi Mok & Nikki Palikat, Song composer & singer • David William Morris & Dr. Samantha Abigail, British Sportman • Awal Ashaari & Scha Alyahya, Malaysia Top Celebrity Couple • Kementerian Dalam Negeri
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Table 3: List of clients

“After 17 years in the market, we proudly present the list of accomplishments of our efforts, locally and internationally.

The company and himself were awarded a list of brand recognitions from local and international. Here is the list of awards, accolades and recognition:

- TOP 10 OF MALAYSIA 2011 Magazine - Young & Successful Malaysia Icon
- Asian Icon for Outstanding Youth, Asian Youth Ambassador Award Organization, 2010 till now
- Malaysia Photography Legend, Documentary "Di Sebalik Nama", RTM (National TV)
- Malaysian Achievement Award 2012 - Art & Culture Category
- The Most Famous Wedding Photographer in Malaysia, Facebook Inc. 2008-Now
- Feature in The Entrepreneur by Ben Ibrahim, Astro Awani, 2011
- Featured in "Asian of the Year 2012" by Channel NewsAsia, Singapore (based on the involvement of CandidSyndrome in philanthropy works)
- Cover Story for Majalah Niaga, 18th Edition - Tips from Millionaire Photographer
- Feature in "23 Months to Millionaire", Majalah Sukses 2010
- Feature in Dewan Ekonomi, Kolum Usahawan Seni entitled "Jutawan Fotografi", 2009
- Editor's Choice Award, International Library of Photography, USA 2007
- International Judge for Reality TV program, THE BIG SHOT ASIA, Mediacorp 2010
- 30 Malaysian Most Successful Young Entrepreneur - Dewan Ekonomi 2008
- Featured in 1000 DAYS FOR THE PLANET exhibition in Botanical Garden, Montreal Canada 2012
- Metz Vision Partner (Ambassador)
- Product Ambassador for Malaysia, Peak Design (USA)
- Royal Portrait Photographer of Kelantan Palace
- Royal Photographer for the Sultan of Brunei Darussalam
- Signature Photographers (Malaysia top 7 Photographers)
- Mastership from MPA (UK), 2009
- Certified Professional Photographer, WPPM / WPPAsia
- Champion of Canon PhotoMarathon 2007

3. BACKGROUND OF THE PROTAGONIST: SAIFUL NANG

Saiful Nang is a millionaire entrepreneur photography. He is a millionaire in his own words.

I love photography very much. I believe what have I got today I need to share with other. If you notice lately, we were working with Covid-19 aids like mask, suit...to share what we capable of. We spur this spirit to our orphanage home, sharing is caring”

He began to engage in business as early as age seven years, where he began selling his paintings to their peers. Against the backdrop of Tuan Haji Saiful Nang, MPA (UK) which was one of the graduates of University Multimedia film and his experience in teaching film and TV program at Limkokwing University and a bachelor's Royal Melbourne Institute of Technology (RMIT) in Australia. Saiful Nang (one of the renowned photographers in Asia) are specialising in producing photo and video content and offering a huge range of services which rated to be one of the largest privately-owned companies in photographic media in Malaysia. He is also the designer module Saiful Nang Academy and also still the leading coach Saiful Nang Academy.

The Council lists awards and honours earned by the winner of his Canon Photo Marathon 2007 Recipients of the Certificate of Professional Photographer apprentice Certificate (PPAC), Royal Photographer for the Sultan of Brunei Darussalam, Royal Photographer for HRH Tengku Dr. Muhammad Faiz Petra, Kelantan and as the 20 most creative and successful entrepreneurs in Malaysia. He was famous in the photography industry in Malaysia, as well as the success of Malaysian listed in the TOP 10 of most successful entrepreneurs and creative.

Currently, Saiful Nang is the Executive Chairman and Founder for Colours of Asia Sdn. Bhd. Group of Companies. He started the whole business in 2004 with on RM90 capital and managed to grow it into a group of companies. In 2005 he put his hand together with another 19 companions to start Rumah Pengasih Warga Prihatin. It's a research centre about Social Civilization & Moral. However, the subject of the research is HUMAN; hence they established an orphanage and underprivileged home to implement what has been taught in the Quran & Sunnah in total. For that, he received numerous of awards from various of authorized bodies. Among the awards are:

- Malaysia Photography Legend, Dokumentari “Di Sebalik Nama”, RTM (National TV)
- Top Finalist Malaysian Achievement Award 2012
- Top 10 of Malaysia 2011 Magazine – Young & Successful Icon
- Dokumentari “The Entrepreneur” oleh Astro Awani, 2011
- Most Outstanding Youth 2010 – Asian Youth Ambassador Award
- International Judge for Reality TV program THE BIG SHOT ASIA, Mediacorp 2010
- 20 Most Successful Creative Entrepreneur – Dewan Ekonomi 2009
- Metz Vision Partner (Ambassador)
- Peak Design (USA) Product Ambassador for Malaysia
- Official Royal Portrait Photographer of KDYMM Tuanku Sultan Muhammad V, Sultan Kelantan Darul Naim
- Official Royal Portrait Photographer of KDYMM Tengku Dr. Muhammad Faiz Petra, Kelantan Regeant
- Royal Photographer for the Sultan of Brunei Darussalam
- Signature Photographers (Malaysia Top 7 Photographers)
- First Malay to be conferred Mastership from MPA (UK), 2009
- Certified Professional Photographer, WPPM / WPPAsia
- Winner of Canon PhotoMarathon 2007
- 100 Tokoh English collage (EC) 2014 sempena perayaan 100 tahun EC, Johor Bharu

The interesting facts about Saiful Nang are:

- He has dyslexia yet it never stops him to be an explorer, independent, diligent, perseverance and innovative.
- The photos that Saiful Nang typed have their uniqueness so many foreign and domestic photographers make models in their work.
- The uniqueness of Saiful Nang's photos can be seen in terms of its unique angles, lighting and editing so that Canon and Nokia companies often give him their latest camera to be tested by Saiful himself.
- His brand, Candid Syndrome has now expanded worldwide covering Indonesia, Brunei, Sweden, Singapore and West Asia.
- He has developed his photography academy, Saiful Nang Academy Photography (SNAP) and has trained more than 30,000 photographers in Malaysia.
- He is leader in nature where he lead the Saiful Nang Academy as a president, Executive Chairman of OMG Creative Sdn. Bhd. and Co-Founder of Pertubuhan Kebajikan Rumah Pengasih Warga Prihatin.

The active digital marketing strategy that has been utilised and contributes to the personal branding including:

- Saiful Nang company website <http://saifulnang.net/gallery/#!/ABOUT>
- Saiful Nang Facebook – 725 255 followers (<https://www.facebook.com/snfanclub/>)
- Saiful Nang Twitter – 6 451 followers (<https://twitter.com/saifulnang?lang=en>)
- Saiful Nang Instagram – 118K followers (<https://www.instagram.com/saifulnang/?hl=en>)
- Saiful Nang YouTube – 14.2K subscribers (<https://www.youtube.com/user/saifulnang>)

Therefore, Tuan Haji Saiful Nang is a suitable protagonist for this research which is based on some justifications including:

- Among the top business influencer in Malaysia. The privilege of the branding practice that had been applied can be an example to other companies to develop their brand.
- Lack of academic resources has been explored in this popular person
- Many sources can be explored such as strengths, uniqueness, opportunity, tips and strategies in successful companies and this gives a lot of market information and helps to solve the problems faced by other companies to digitise their brand.
- Sustainable in a multicultural market and able to compete with other outstanding brands.
- A well-known person that can be easily recognised by students from different countries.

He concludes that:

I think my personal brand embark my marketing very much. It is not my intention to be popular. Things go beyond my control is that the content that I have shared in analogue and digital platform. My passionate of picture translate my personality. And...my generosity. I think! And we always try our best to meet client's needs and wants. Brand quality and patent are the prior when we are dealing with a vast digital platform. As I growing in a decade of the analogue era, we find it very hard to adapt to digitalisation yet we try to keep it up and gradually we learn. And now Instagram because the young generation loves to watch the video. So my personal branding comes along with the transition as I have the loyal customers since the beginning of my business”.

4. CLOSING PARAGRAPH / CONCLUDING REMARKS

The protagonist provides information for classroom discussion. The rich of knowledge narratively will stimulate an educated conversation and the building the strong media and business knowledge. There are many angles of and relationship of the protagonist with the company and issues that has been raised in the case as he involved in multitasking role in the list of companies such as the struggling part where he started the business with RM90 with a borrowed camera; focus on his dream; explore the potential of digitalisation, hard work, leadership skills, innovator in his fields, bold and daring in facing uncertain situations.

His explorer and innovative characters have created the in-depth discovery of the learning process where students will expose a wide perspective of learning to face the real media and business situations relating to the theory in the syllabus. It is also allowed students to form assumptions such as the digital skill needed; the suit scope and strategy of digital marketing; the preparation; and solution to face and solve the uncertain brand crisis and up and down of the company to sustain in the market. From this case, students are able to make wise decisions that will be created a participatory learning process in which students learn from one another.

Students will share their opinions with others and expand their thinking based on the diversity of opinions offered by classmates. The class will be cheers with fruitful discussion.

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Tulip Garden Hotel: To Purchase or Not to Purchase

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Synopsis

Jade Sdn Bhd. (Jade), since its establishment, has been mainly involved in providing services in facility management and cleaning services. Apart from these main services, Jade was also involved in hospitality management, travel and tours and agrobusiness. The current involvements were already varied, and the Board was thinking of furthering the diversification activity to generate more revenues. As the Chief Executive Officer (CEO) of Jade, Ahmad was required to conduct the necessary analysis and provide his recommendation to the Board whether Jade should proceed with the purchase of Tulip Garden Hotel (Tulip). He has one (1) month to act before proposing his recommendation to the Board.

Keywords: Investment decision, Hospitality management, diversification

1. INTRODUCTION

Ahmad was sitting quietly on the sofa. His eyes was staring blankly through the full-glassed sliding door overlooking the sea. He could hear the sound of the sea slamming the whitish sand on the deserted beach. His mind was in deep thoughts about what took place in the office earlier on that day.

In the Board meeting earlier today, the members were informed that there was an opportunity for a good investment for Jade Sdn. Bhd. (JADE), and that the investment was highly recommended by the proposer. It was an investment opportunity in the hotel industry. The Board was interested to look at the financial and strategic analysis of the Tulip Garden Hotel (Tulip) located in Kuala Lumpur. It was a 3-star hotel, enjoying a great location in the vicinity of a Butterfly Park. The chairman's eagerness on the investment stick to his mind. He can clearly recall his words uttered..." This is an opportunity not to be missed. Remember, in business, time is money. We really have to act fast if we want to be ahead of others, or else we will be at the losing end. But of course, it requires proper analysis. So, I hope Ahmad will give your priority and full commitment to this. I expect to see concrete and solid analysis before we proceed with this investment decision. I give you one month to come back on your recommendation!"

Definitely this is a tough and very challenging assignment since his appointment as JADE's CEO. Like it or not, he has to get it done. First thing first, he would need to appoint the external consultant to gather the relevant information before he can provide the recommendation to the Board. He needed an experienced consultant who can deliver the information in two weeks' time. In the meantime, he would need to get some background information about the hotel. He could not wait to see the report.

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2. JADE SDN. BHD.

2.1 Background

Jade Sdn. Bhd. (Jade) was established in 1999 and was a wholly owned company of Diamond Berhad (Diamond) with a paid-up capital of RM6.5 million. At the beginning of its establishment the company carried out commercial activities in the surrounding area. In line with developments then, the company had later diversified its business activities to include management, trade, and education services.

The company had five subsidiaries with 100% equity holding. However, only four subsidiaries were active while one subsidiary had been newly established but had not carried out any activities yet. The four subsidiaries were Ruby Sdn Bhd (RSB), Amethyst Sdn Bhd (ASB), Pearl Sdn Bhd (PSB) and Sapphire Sdn Bhd (SSB). JADE was involved in various business activities through its subsidiaries. Jade's business activities included property maintenance, cleaning services, hotel management, investment holding, provision of training and consultancy services, management services, technology, and travel agencies. Meanwhile, the company that was still in its infancy and had not carried out any activities was Crystal Sdn Bhd (CSB). CSB was established to venture into restaurant business with a modern and exclusive concept.

Apart from those, the company also had investments in three other wholly owned subsidiaries held through ASB. These companies were Blue Diamond Sdn Bhd (BDSB), Delima Sdn Bhd (DSB) and Azurite Malachite Sdn Bhd (AMSB). However, only ASB was active in running the cleaning and laundry services business, while DSB was a newly acquired company that was still not operational, and AMSB was a dormant company. DSB was established to enable companies to be actively involved in the business activities and marketing of agricultural products. Figure 1 showed the corporate structure of Jade.

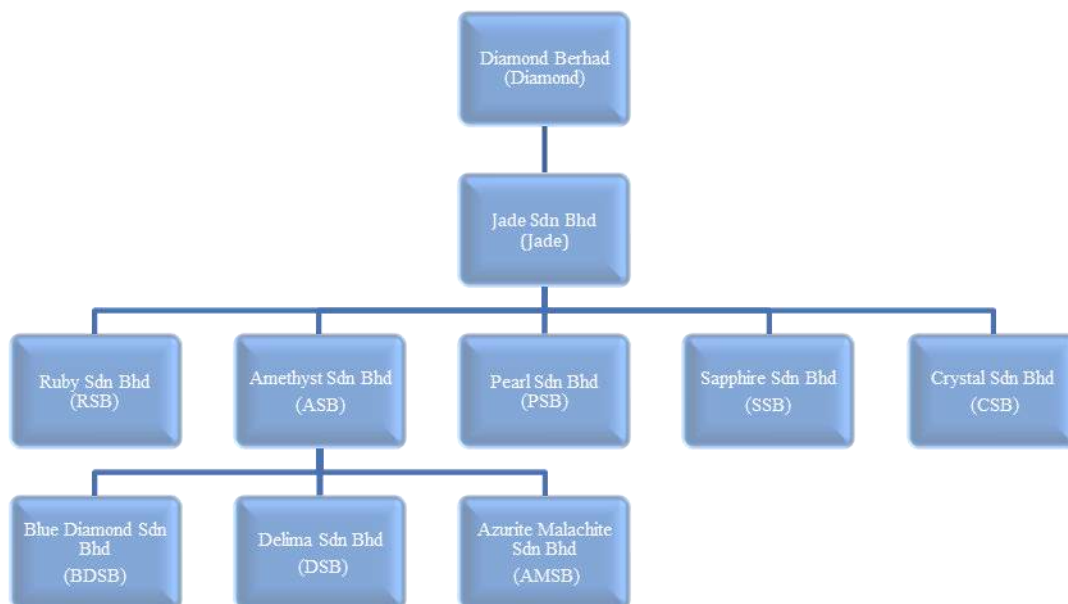


Figure 1 – Jade’s Corporate Structure

2.2 Company's Management

The Chief Executive Officer (CEO) of Jade was normally appointed by the Board of Directors of Diamond. He was responsible for the management of the company affairs and will report back to the Board of Directors of Diamond. The company had six departments, and each department was under the responsibilities of the heads of department. The six departments were the Industrial Relations; Human Resources; Accounts, Finance and Procurement; Information Technology & Administration; Business Development; and Internal Audit. In addition, the company also has Investment Committee and Audit & Risk Management Committee. These committee are reported directly to the board. Figure 2 depicted the management structure of Jade.

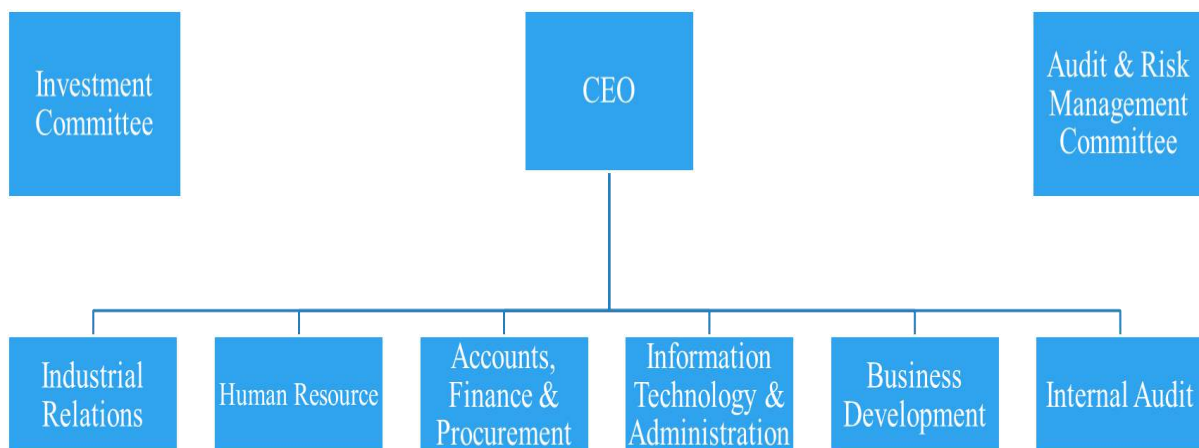


Figure 2 – Management Structure of JADE

2.3 Business Operation

Subsidiaries of Jade were involved in various business activities. Through RSB and ASB, Jade had obtained experience in operating a budget hotel and travel agency in the East Coast of Malaysia. The hotel provided hotel-related services for government departments, private parties, non-profit organizations (NGOs) and individuals in Kelantan. The hotel facilities were able to fulfil the needs for clients to hold seminars, conferences, meetings and cater for formal and informal functions. In addition, the company also managed a 2-star apartment accommodation which aimed at providing long-term accommodation to staff, students nearby and the public.

ASB had 88 permanent and contract employees dedicated to operating the hotel and the apartment accommodation. ASB also provided opportunities for students of hospitality management courses to undergo industrial training. Other than that, the company did not have extensive experience in the hospitality industry.

2.4 Financial position

In 2016, Jade had an issued and fully paid -up capital of RM6.5 million. Prior to that the paid-up capital of the company was RM5.8 million. During the year the company had increased its share capital to RM6.5 million through the issue of 700,000 ordinary shares of RM1.00 each. The total net assets of the

Jade Group and Jade were RM20.7 million and RM15.6 million respectively. For the same year, the company recorded a pre-tax profit of RM993,658 (Jade Group) and RM89,320 (Jade). However, after taking into consideration the tax expense for the year, the profit after tax were RM46,253 (Jade Group) and (RM210,571) (Jade). In terms of cash, the Jade Group and Jade had net cash flows amounting to RM10.6 million and RM6.3 million, respectively. The extract of company's financial reports can be referred to Appendix 1.

3. OPPORTUNITIES TO EXPAND

The Board of Director of Diamond was eyeing for opportunities to expand into other businesses in order to generate more income. One potential industry was the hospitality industry in which they had experience managing one before. The fact that many staff had to travel to Kuala Lumpur and stayed overnight would further support the diversification into this industry. Coincidentally, the opportunity to diversify just came in at the right time. The offer to acquire the Tulip Garden Hotel (Tulip) at RM50 million was very appealing, considering its location in Klang Valley. This is an offer not to be missed as compared to earlier offers from other hotels.

4. CONSIDERATION AT THE FIRST GLANCE

It has been three weeks, since Jade appointed the external consultant, Sejati Management Consultant. The report (as portrayed in the Appendix 2 – Due Diligence Report) is now in front of him, of which he thought was sufficient to help him to make his recommendation.

He really needed to think through before proposing his recommendation to the Board. Based on the information given, he discovered that Tulip has stopped operating about a year ago. At that time, the reported occupancy rate in preceding year was quite appealing. With its reasonable room rate and coupled with good marketing initiatives, he was confident that the occupancy rate might increase in the future as experienced by other hotels nearby. Tulip also had good reputation with several market segments such as the pilgrimage delegates and the annual political parties' assembly delegations.

The actual net worth of the hotel properties of RM74 million had caught Ahmad's eyes. While the certified professional valuer has valued the hotel at RM65 million. Interestingly, the Board of Diamond has informed that the bank was also willing to provide Jade with the loan in order to fund the purchase. The financial projection for the next 10 years also showed a good signal on that opportunity to invest. It appears it was a golden opportunity that one would not want to miss.

Internally, he heard that the company had the intention to do cost-savings in terms of staff lodging. It was reported that on average 14% of the staff (equivalent to approximately RM3 million) had to travel and stay overnight in Kuala Lumpur for work trip. Rather than staying at other hotels, it would be wise for its staff to stay at their own hotel. This could be done by making it compulsory for all staff to stay at Tulip when they were on official duties or attending seminars in Kuala Lumpur. It might save lodging costs of approximately RM3 million a year and generate additional income to Diamond and would eventually sustain itself financially.

Notwithstanding the good prospect of Tulip, Ahmad, however, had some reservations that desired his attention. First, was the financial projection with 70% occupancy rate for the coming 10 years, which to him, was a bit ambitious. This was so, considering the 2016 occupancy rate of only 31%. In fact, Tulip was expected to make profit from the first year it operated the hotel. The RM13 million expected revenue (from staff and external guests) was extremely high in comparison to the revenue recorded for 2016. But it might be achieved considering the support from Diamond's staff and strong marketing team. Looking at the financial performance of Tulip in 2015, the hotel had accumulated loss of RM4.6

million. It appeared that the hotel had never made money. But was that attributable to the hotel itself or its management, as record showed that the hotel had been changing hands over time.

While the price offered was relatively cheap, he was somehow concerned with the potential refurbishment costs of RM5.8 million, after the acquisition. It was such a substantial amount to him. Additionally, the refurbishment period may hinder the operations of the hotel for the first year after acquisition.

Location was another important factor to consider. Based on the due diligence report, the hotel was in a black area that might hinder potential guests from coming and staying at the hotel. However, other hotels in the same area proved that they could survive if proper marketing strategies and services were taken care of. Although the state of condition of the hotels themselves were even worse than Tulip, but they had been doing very well. It was all due to its strong marketing team. They had networking with ministries and agencies in order to attract more delegates and seminars or meetings be held at their hotels.

5. INDUSTRY AND ENVIRONMENTAL CLIMATE PRIOR TO ACQUISITION OF TULIP

The hospitality industry is one of the most globalized and highly competitive. In order to establish a strong foothold, there is always a need to build and grow a comprehensive footprint. Tourism Malaysia, in its 2016 Annual Report indicated that tourism performance in Malaysia had increased by 4.0% in comparison to the prior year and that the performance would continue to increase in the future. The Hospitality Industry in Malaysia, for its 2021-2026 forecasts, reported that the Malaysian Tourism Promotion Board had indicated that the number of tourists receipt in 2016 had increased, and such trend would sustain and persist into the 2019. It also forecasted the compound annual growth rate of international tourists to increase to 5.61% in 2017.

The potential hype for the hotel industry could be attributable to several government transformation programmes to the area such as:

1. Kuala Lumpur City Council's redevelopment of KL infrastructure (stated for completion in 2017).
2. Government intervention to enhance traditional shopping precincts located near to Tulip to attract more tourists.
3. Construction of pedestrian network to link the shopping districts.

This transformation programme offered great opportunity for hotel operators in the nearby area including Tulip.

Notwithstanding the available report from the Tourism Board, Shadow Iris Sdn Bhd (Shadow Iris), had conducted its own market survey. It was informed that Tulip had been a popular stopover for those Javanese pilgrims on their way to perform umrah in Makkah and to those delegations attending the political parties' Annual Congregation.

The paragraphs should provide information regarding the case organisation/company. This is necessary so the users of the teaching case understand about the case organisation/company especially the date/year of establishment, the owner of the case organisation, the purpose of the establishment, number of employees, organisational structure and/or organisational chart and the business operations.

6. EPILOGUE

Ahmad was left undecided and fatigue. He was bogged down with all the data and information in the due diligence report, and the internal report. While he has an early inclination of the decision, he has a lot more to consider before making up his mind on the purchase. Perhaps this one week to come would allow him to make a more appropriate recommendation to the Board.

ACKNOWLEDGEMENTS

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Appendix 1 - JADE's Financial Statements

JADE SDN BHD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	2016	2015
	RM	RM
NON-CURRENT ASSETS		
Property, plant and equipment	5,088,191	6,774,624
Investment properties	11,652,941	10,003,709
Investment in subsidiary company	2	
Goodwill on consolidation	34,406	41,288
	16,775,540	16,819,621
CURRENT ASSETS		
Inventories	360,002	578,571
Trade receivables	2,105,374	1,600,560
Other receivables, deposits and prepayments	1,740,216	1,549,674
Due from related companies	1,861,946	2,018,459
Tax recoverable	704,906	335,686
Fixed deposits with licensed banks	3,685,865	1,926,925
Cash and bank balances	9,948,478	10,362,333
	20,406,787	18,372,208
LESS: CURRENT LIABILITIES		
Trade payables	1,389,690	428,336
Other payables and accruals	7,275,553	6,846,228
Bank overdrafts	1,305,449	2,030,624
	9,970,692	9,305,188
NET CURRENT ASSETS	10,436,095	9,067,020
	27,211,635	25,886,641
LESS: NON-CURRENT LIABILITIES		
Hire purchase creditors	99,244	155,941
Term loans	6,364,198	5,087,222
Deferred tax	8,202	284,740
	6,471,644	5,527,903
NET ASSETS	20,739,991	20,358,738
EQUITY		
Share capital	6,500,000	5,800,000
Retained profits	14,239,991	14,558,738
TOTAL EQUITY	20,739,991	20,358,738

JADE SDN. BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015 RM
Revenue	42,681,717	37,338,755
Cost of sales/services provided	(35,069,526)	(30,408,034)
Gross profit	7,612,191	6,930,721
Other income	288,003	313,404
	7,900,194	7,244,125
Administrative expenses	(6,361,899)	(6,366,521)
	1,538,295	877,604
Finance costs	(544,637)	(418,707)
Profit before tax	993,658	458,897
Tax	(947,405)	(501,277)
Profit/(Loss) after tax	46,253	(42,380)
Other comprehensive income, net of tax		
Total comprehensive income/(loss) for the year	46,253	(42,380)

JADE SDN. BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	993,658	458,897
Adjustments for:-		
Allowance for doubtful debts	330,150	
Allowance for doubtful debts no longer required	(83,345)	
Bad debts	96,297	
Depreciation – investment properties	247,910	257,045
Depreciation – property, plant and equipment	1,652,364	1,835,603
Gain on disposal of property, plant and equipment	(8,000)	(104,206)
Impairment loss in the value of property, plant and equipment	474,288	
Amortisation of goodwill	6,882	6,882
Interest expense	544,637	418,707
Interest income	(148,715)	(93,802)
Property, plant and equipment written off	297,190	
Operating profit before working capital changes	4,403,316	2,779,126
Inventories	218,569	74,895
Receivables	(864,396)	(66,432)
Payables	1,719,932	1,530,779
Cash generated from operations	5,477,421	4,318,368
Tax paid	(1,595,245)	(637,644)
Tax refunded	2,040	155,793
Interest paid	(536,216)	(418,707)
Net cash from operating activities	3,348,000	3,417,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(737,409)	(1,723,427)
Additions of investment properties	(1,875,142)	(443,865)
Investment in subsidiary company	(2)	
Interest received	93,671	93,802
Placement of fixed deposits		(1,200,000)
Proceeds from disposal of investment		65,000
Proceeds from disposal of property, plant and equipment	8,000	156,806
Net cash used in investing activities	(2,510,882)	(3,051,684)
Balance carried forward	837,118	366,126

	2016	2015
	RM	RM
Balance brought forward	837,118	366,126
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(365,000)	(290,000)
Repayment of hire purchase creditors	(97,675)	(239,785)
Repayment of term loans	(402,901)	(276,204)
Term loans drawdown	2,065,295	
Net cash from/(used in) financing activities	1,199,719	<u>(805,989)</u>
Net increase/(decrease) in cash and cash equivalents	2,036,837	(439,863)
Cash and cash equivalents at 1 January	8,529,794	8,969,657
Cash and cash equivalents at 31 December	10,566,631	8,529,794
Fixed deposits with licensed banks	3,685,865	1,926,925
Cash and bank balances (Note 13)	9,919,606	10,355,862
Bank overdraft	<u>(1,305,449)</u>	<u>(2,030,624)</u>
	12,300,022	10,252,163
Fixed deposits pledged to banks (Note 12)	<u>(1,733,391)</u>	<u>(1,722,369)</u>
Cash and cash equivalents at 31 December	10,566,631	8,529,794

Note A – Acquisition of subsidiary company, net of cash acquired

	2016	2015
	RM	RM
Cash in hand	2	2
Portion discharged by cash	(2)	(2)
Cash flow on acquisition, net of cash acquired	0	0

Appendix 2 – Due Diligent Report: Tulip Garden Hotel

**TULIP GARDEN HOTEL
DUE DILIGENT REPORT**

10 JANUARY 2017

PREPARED FOR: JADE SDN BHD (JADE)

PREPARED BY: SEJATI MANAGEMENT CONSULTANT

Company Description

Tulip Garden Hotel (Tulip) was a 3-star hotel, located in Kuala Lumpur. The hotel consisted of 3 building blocks i.e. 14 storey building (Block A), 13 storey building (Block B) and 11 storey building (Block C) property. Tulip was managed and operated by Shadow Iris Sdn Bhd (Shadow Iris). However, the hotel building was owned by Orchid Sdn Bhd (Orchid). Orchid was the registered proprietor of the land and 3 blocks of hotel building of Tulip. On the other hand, Shadow Iris was wholly owned by Orchid. Shadow Iris's nature of business was hotel management and it had licenses for operation of hotels. Hence, Shadow Iris principally involved in management and operations of Tulip.

Tulip Garden Hotel – The Operation

Tulip was in the Kuala Lumpur city centre area. It was just a few minutes away from shopping centres and many established financial institutions within the vicinity. In addition, Tulip was only a 45-minute drive to Kuala Lumpur International Airport (KLIA) and was facilitated by two main Light Rail Transit Systems, namely: (i) the STAR's LRT Station. Both stations were only a couple of minute walk from Tulip. Tulip faced increasing competition as there was emergence of budget and mid-class hotels around the vicinity of with average room rate ranging from RM120 to RM180 per night. Besides its' strategic location, Tulip was situated in a black area, which might discourage tourists to stay.

Tulip had 247 guest rooms that comprised of 39 units of single rooms, 96 units of double rooms, 107 units of triple rooms and 5 units of suite rooms. Tulip's facility also included meeting rooms, ballroom, café, dining hall, covered car parks, business centre, mini gym and free wifi. Function rooms were equipped with audio visual equipment such as PA system, television and video player, portable screen, slide projector, overhead projector, direct projector, meeting and electrical supplies and other supporting equipment (flip chart, whiteboard and writing materials).

Parking lots were available from 3rd to 10th floor located at Block B and the parking operator was PEP Sdn Bhd. There were 148 bays of parking to ease customer park in Tulip. Based on observations and inspections professionally conducted by an independent consultant from 7th to 23rd December 2016, it was found that the management of Tulip had ceased their operation and was not opened to public since August 2016. However, the hotel's conditions were still good, and all equipment were still intact.

Comparison of Hotel Occupancy Rate to other nearby hotels of the same class and rankings

Hotel	% Occupancy 2016 (as of June)
Tulip Garden Hotel	31%
Warna Hotel	45%
Cinta Villa Hotel	31%
Hotel Bandar	18%
Grandstay Hotel	49%
Plus Hotel	36%
Comfort Hotel	61%
KL Indah	27%
Damai Hotel	26%

Human resource and administration

With regards to human resource and administration as in 2016, it was found that everything was under control. Furniture/fittings were still in good condition and were able to be used for daily operations. There was no major staff issue except one ongoing litigation case and pending for legal lawsuit. Based on data collected from human resource record in August 2016, Tulip had 24 employees comprising of the following categories:

Category	No. of Employees	Remarks
Management A	1	General Manager
Management B	7	Head of Departments
Non-Executive	16	Operations & Service employees
	24	

A visual survey of Tulip on mechanical and electrical equipment was done between 7th and 22nd December 2016. It was found that the condition of Tulip was consistent with its age and usage. There was no major defect observed at Block A, Block B and Block C. However, the common defects found at Block A and C are summarized as below:

No.	Defects
1.	Plaster cracks, surface cracks, joint cracks, non-structural cracks on the building elements.
2.	Water leakage problem on the walls, ceiling at many areas.
3.	Water-stain marks and carpet ripples on the floor at the corridor and guest rooms.
4.	Many loose air vents cover at most of the guest rooms.
5.	Many hollow and bulged wall tiles; deboned grout at the joint of the wall tiles in the bathroom of the guest rooms.
6.	Many dislodged door closer arms of the guest rooms.

The common defects found at Block B are summarized as below:

No.	Defects
1.	Plaster cracks, surface cracks, joint cracks, non-structural cracks on the building elements.
2.	Water leakage problem on the walls, ceiling at several areas.

Renovation and Refurbishment

Due to defects discovered during observation, it was determined that a total of RM5.8 million was needed before operation could be resumed. Detailed information on cost relating to renovation and refurbishment was shown in table below:

Particular	Total (in RM)
Room and suite (Block A and C)	3,059,110
Front of the house (Block A, B and C)	2,281,000
Back of the house (Block A, B and C)	152,000
Consultants & project management cost	274,605
Total Refurbishment cost	5,766,715

Housekeeping

With regards to housekeeping department, overall public area was well maintained and cleaned. Public toilets and guest rooms were well maintained and in good conditions but need to be upgraded. Corridors and staircase as well as rooms equipment in Block A and C were in good condition. There was also no major sign of leaking discovered.

Evaluation of the front office operation of Tulip found that in general it was in good order and able to run smoothly with the installation of a new hotel property management system (PMS). Summary of findings from inspections done on the front office operation is as shown in the following table:

No	Description	Remarks
1	Telephone line	Terminated
2	Hotel lobby furniture	Not in good condition
3	Lobby area and reception desk	In good condition
4	Hotel Website	Permanently closed
5	Internet Connection	Not working
6	Travel Agent (OTA) & contract	Not active
7	Reporting FY2012 to FY 2014	Improper filing
8	Computer system	Username and passwords not available
9	Hotel key card system	In good condition
10	Fire alarm system	Working well
11	In house music and PA system	In good order
12	CCTV	Running well except for few locations

Food and beverage

In the food and beverage department, it was discovered that the hotel restaurant for 150 pax was also in good condition. All equipment, furniture and fittings were still intact but require some placement. The ballroom was in good condition but need to be upgraded. However, kitchen equipment was quite ageing but still in working order.

Information on room revenue and room occupancy of Tulip was also gathered from the year 2012 to 2016 and it was as portrayed in the following table:

Particular	2012	2013	2014	2015	2016
Room revenue (RM)	4,843,219	4,178,225	2,107,954	1,864,316	1,231,535
Room occupancy (%)	75.58%	56.67%	29.0%	24.0%	15.58%

The international occupancy of Tulip was from ASEAN, Asia, Middle East and Asia Pacific countries. However, the main contributors of the hotel occupancy from international groups were from China, Indonesia and Thailand. Based on the occupancy percentage in 2014, the market segmentation was as portrayed below:

Market	RM/Night	%
Government	8,283	31.7
Corporate	1,765	6.8
International group	12,136	46.4
Internet booking (OTA)	1,179	4.5
Walk-in	1,090	4.1
Others	1,692	6.5
Total	26,145	100

As indicated earlier, Tulip was managed and operated by Shadow Iris and the hotel building on the other hand was owned by Orchid. Hence, the report had highlighted the financial performance of both companies for review.

Financial Performance of Orchid Sdn Bhd

Orchid was incorporated on 7 May 2007 under the Companies Act 1965 as a private limited company. Orchid's nature of business was letting of properties. Orchid's revenue was mainly derived from building rental and other income. Other income over the period from 2012 to 2016 were mainly comprised of interest and miscellaneous. Administrative expenses comprised of salaries, wages and other employee related benefits and depreciation expenses. Orchid had a paid-up capital of RM2 million (RM1.00 each share). The income statement and statement of financial position for Orchid from 2012 until 2016 were shown below.

Orchid Sdn. Bhd.					
Income Statement					
	2012	2013	2014	2015	2016
	(RM)	(RM)	(RM)	(RM)	(RM)
Revenue	2,293,935	2,248,264	2,501,468	1,893,603	1,570,056
Other Income	17,961	18,469	19,041	25,508	13,784
Administrative Expenses	(204,102)	(171,850)	(98,113)	(17,396)	(7,603)
Operational Expenses	(1,342,755)	(1,269,889)	(1,330,334)	(1,248,712)	(1,209,811)
Operational Profit/Loss	765,039	824,994	1,092,062	653,003	366,426

Orchid Sdn. Bhd.
Statement of Financial Position

	2014(RM) (Audited)	2015(RM) (Audited)	2016(RM) (Mgt. Account)
Property, Plant and Equipment	27,519,109	25,584,279	25,648,219
Current Assets			
Trade Receivables	0	0	905,423
Other Receivables	0	5,981	0
Amount due from Related Company	286,650	1,543,913	1,947,396
Fixed Deposit with Licensed Bank	633,280	658,788	658,788
Cash and Bank Balances	3,989	32,445	32,649
Others	0	0	718
	923,919	2,241,127	3,544,974
Current Liabilities			
Trade Creditor	0	0	16,289
Other Payables and Accrual	137,079	284,737	502,694
Term Loan (Secured)	2,000,000	2,000,000	2,000,000
Provision for Taxation	1,502	2,353	2,783
	2,138,581	2,287,090	2,521,766
Net Current (Liabilities)/Assets	(1,214,622)	(45,963)	(1,023,208)
Total Assets	26,304,448	25,538,316	26,671,427
(Represented)/ Financed By:			
Share Capital	2,000,000	2,000,000	2,000,000
Reserves	(3,783,946)	(3,819,799)	(4,124,687)
	(1,783,946)	(1,819,799)	(2,124,687)
Non-Current Liabilities			
Amount due to Directors	20,923,377	21,898,143	23,018,141
Term Loan	7,165,017	6,459,973	5,777,974
Total Equity and Liabilities	26,304,448	26,538,316	26,671,427

The freehold land and building were valued at RM64 million with the forced sale value of RM59 million, in year 2013.

Financial Performance of Shadow Iris Sdn Bhd

Shadow Iris was incorporated on 7 May 2007 under the Companies Act 1965 as a private limited company. As mentioned earlier, Shadow Iris's nature of business was hotel management. Therefore, Shadow Iris's revenue was mainly derived from room rental, food and beverages, banquet and other income. Income from rental contributed an average of 65% to 75% from total revenue during financial years from 2012 until 2016. Shadow Iris had a paid-up capital of RM2502 (RM1.00 each share). Inventories were stated at the lower of cost and net realisable value. The cost of inventories for food and beverages was determined on a weighted average basis and comprised cost of purchase. The income statement and statement of financial position for Orchid from 2012 until 2016 were as shown below.

**Shadow Iris Sdn Bhd
Income Statement**

	2012	2013	2014	2015	2016
	(RM)	(RM)	(RM)	(RM)	(RM)
Occupancy rate	76%	57%	29%	24%	16%
Revenue	6,328,136	6,203,661	3,253,497	2,793,765	1,501,904
Cost of sales	(908,500)	(825,685)	(514,669)	(436,405)	(247,685)
Gross Profit	5,419,636	5,377,976	2,738,828	2,357,360	1,254,219
Other Income	-	908	-	-	-
Administrative Expenses	(113,093)	(101,534)	(107,274)	(64,043)	(185,438)
Operational Expenses	(5,194,277)	(5,251,782)	(5,186,261)	(4,532,149)	(3,379,722)
Operational Profit/Loss	112,266	25,568	(2,554,707)	(2,238,832)	(2,310,941)

**Shadow Iris Sdn Bhd
Statement of Financial Position**

	2014	2015	2016
	(RM)	(RM)	(RM)
	(Audited)	(Audited)	(Mgt. Account)
Property, Plant and Equipment	337,497	272,321	141,858
Current Assets			
Inventories	322,108	296,710	271,617
Trade Receivables	42,012	69,272	32,214
Other Receivables – deposits & prepayments	270,821	259,867	235,620
Other Receivables	-	-	(2,826,415)*
Cash and Bank Balances	265,388	263,090	(56,272)
	900,329	888,939	(2,343,235)
Current Liabilities			
Other Payables and Accrual	911,214	2,460,966	767,839
Current tax liabilities	(12,454)	(18,501)	(18,501)
	898,760	2,442,465	749,338
Net Current (Liabilities)/Assets	1,569	(1,553,526)	(3,092,573)
Total Assets	339,067	(1,281,205)	(2,950,715)
(Represented)/ Financed By:			
Share Capital	2,502	2,502	2,502
Reserves	(2,426,372)	(4,664,204)	(6,727,460)
	(2,423,870)	(4,661,702)	(6,724,958)
Non-Current Liabilities			
Amount due to Directors	2,705,642	3,324,203	3,716,949
Deferred Taxation	57,295	57,295	57,295
Total Equity and Liabilities	339,067	(1,280,205)	(2,950,715)

*Other receivables (RM2.83M) indicated negative balance (i.e. liability). This amount was due to related party (Orchid). The amount had no fixed term of repayment.

Financial projection

In addition to the report on Shadow Iris, the report had also produced financial projections after acquisition. This is based on information gathered from all documents and papers as well as from thorough evaluation of all data, Projected income statements and projected cash flow were shown below.

Projected Income Statement (Post Acquisition)

	RM'000									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	13,187	14,209	15,311	16,499	17,781	19,164	20,655	22,263	23,998	25,869
Food & Beverage cost	(603)	(621)	(640)	(659)	(679)	(699)	(720)	(742)	(764)	(787)
Room amenities	(1,209)	(1,246)	(1,283)	(1,322)	(1,361)	(1,402)	(1,444)	(1,487)	(1,532)	(1,578)
Guest supplies	(420)	(433)	(445)	(459)	(473)	(487)	(501)	(516)	(532)	(548)
Laundry	(144)	(148)	(153)	(157)	(162)	(167)	(172)	(177)	(182)	(188)
Staff cost	(1,956)	(1,995)	(2,035)	(2,076)	(2,117)	(2,159)	(2,203)	(2,247)	(2,292)	(2,338)
Utilities	(1,158)	(1,169)	(1,181)	(1,193)	(1,205)	(1,217)	(1,229)	(1,241)	(1,254)	(1,266)
Contract service	(210)	(212)	(214)	(216)	(218)	(221)	(223)	(225)	(227)	(230)
License	(138)	(139)	(141)	(142)	(144)	(145)	(146)	(148)	(149)	(151)
Repair and maintenance	(264)	(266)	(269)	(272)	(274)	(277)	(280)	(283)	(285)	(288)
Administrative cost	(1,050)	(1,061)	(1,070)	(1,082)	(1,093)	(1,102)	(1,113)	(1,125)	(1,136)	(1,147)
Finance cost	(2,550)	(2,422)	(2,295)	(2,167)	(2,040)	(1,912)	(1,785)	(1,657)	(1,530)	(1,402)
Depreciation	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Profit before tax	2,985	3,997	5,085	6,254	7,515	8,876	10,339	11,915	13,615	15,446

Projected Income Statement (cont'd)

Year 1	RM'000	Assumption for projected Income Statement:
Room revenue	10,250	Revenue
Food and beverages	1,839	- Occupancy at 70% @ 168 room/day @ 5,040 room/months.
Rental of facilities	720	- ARR for Block A @ RM288.
Parking	373	- ARR for Block C @ RM138.
	13,187	- Seminar 40 pax @ 50 times/months @ RM55/pax.
Food and beverage cost	(603)	- Wedding 300 pax @ 2 times/months @ RM25/pax.
Room amenities	(1,209)	- Rental of facilities @ RM60,000/months.
Guest supplies	(420)	- Parking @ RM31,500/months.
Laundry	(144)	
Staff cost	(1,956)	Purchase cost @ RM50 million.
Utilities	(1,158)	
Contract service	(210)	Loan by bank @ Rm42.5 million @ 20 years@ BFR 1.5%.
License	(138)	
Repair and maintenance	(264)	Preferred share by Diomand Bhd @ Rm13.5 million @4.5% interest.
Admin cost	(1,050)	
Finance interest	(2,550)	Share capital by Jade Sdn Bhd @ RM1.5 million.
Depreciation	(500)	
Profit before tax	2,985	Payback period @ Year 9. ROI @ 5%.

Projected Cash Flow (Post acquisition)

	RM'000										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total cash inflow		13,186	14,209	15,311	16,500	17,781	19,164	20,655	22,263	23,998	25,869
Food and beverage cost		(603)	(621)	(640)	(659)	(679)	(699)	(720)	(742)	(764)	(787)
Room amenities		(1,209)	(1,246)	(1,283)	(1,322)	(1,361)	(1,402)	(1,444)	(1,487)	(1,532)	(1,578)
Guest supplies		(420)	(433)	(445)	(459)	(473)	(487)	(501)	(516)	(532)	(548)
Laundry		(144)	(148)	(153)	(157)	(162)	(167)	(172)	(177)	(182)	(188)
Staff cost		(1,956)	(1,995)	(2,035)	(2,076)	(2,117)	(2,159)	(2,203)	(2,247)	(2,292)	(2,338)
Utilities		(1,158)	(1,169)	(1,181)	(1,193)	(1,205)	(1,217)	(1,229)	(1,241)	(1,254)	(1,266)
Contract service		(210)	(212)	(214)	(216)	(218)	(221)	(223)	(225)	(227)	(230)
License		(138)	(139)	(141)	(142)	(144)	(145)	(146)	(148)	(149)	(151)
Repair and maintenance		(264)	(266)	(269)	(272)	(274)	(277)	(280)	(283)	(285)	(288)
Admin cost		(1,050)	(1,061)	(1,070)	(1,082)	(1,093)	(1,102)	(1,113)	(1,125)	(1,136)	(1,147)
Finance interest		(2,550)	(2,422)	(2,295)	(2,167)	(2,040)	(1,912)	(1,785)	(1,657)	(1,530)	(1,402)
Term loan repayment		(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)	(2,125)
Dividend on preference share		(607)	(607)	(607)	(607)	(607)	(607)	(607)	(607)	(607)	(607)
Capital investment:											
-Acquisition cost	(50,000)										
-Refurbishments	(5,000)										
-Working capital	(2,500)										
Net cashflow	(57,500)	752	1,765	2,853	4,023	5,283	6,644	8,107	9,683	11,383	13,214
Balance b/f		0	752	2,517	5,370	9,393	14,676	21,320	29,427	39,110	50,493
Balance c/f		752	2,517	5,370	9,393	14,676	21,320	29,427	39,110	50,493	63,707

UNDERSTANDING THE YAPEIM AR RAHNU PRODUCTS: ITS LEGAL AND SHARIAH ASPECTS

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Teaching Case Synopsis

Azrul Azlan Iskandar, a Member of YaPEIM's Board of Trustees, has demonstrated that YaPEIM is one of the greatest institutions that offer numerous items under the *Ar Rahnu*. Azrul Azlan is aware, however, that the *Rahn* business in Malaysia has expanded in unison with the Pawn Brokers. However, this industry is not governed by the Pawnbrokers Act of 1972 and is subject to the control of numerous authorities, who are pressing them to abandon the Islamic ideal of *qard* in favour of *tawarruq*. As such, the purpose of this teaching case is to analyse current YaPEIM *Ar Rahnu* goods during Covid-19 and explore the legal and *Shariah* elements of YaPEIM's *ar rahnu* products. The narrative and comparison method are employed in this teaching case. YaPEIM's products are built on society segments and needs, according to this teaching case. Because the customer pays the rental of the safekeeping box based on the *ijarah al khadamat* contract, which they first engaged in before the *tawarruq* agreement, the migration from *qard* to *tawarruq* does not affect the wage charge. The current operation of *Rahn* in YaPEIM based on *tawarruq* is *Shariah*-compliant, according to this teaching case.

Keywords: *Rahn*, *Tawarruq*, *Legal*, *Shariah*, YaPEIM

INTRODUCTION

In the era of pandemic Covid 19, *Ar Rahnu* is one of the sources of immediate financial aid that society can accommodate. Dr Azrul Azlan has seen numerous applications of mortgaging privately held jewellery to obtain quick cash to fulfil an individual's needs. Dr Azrul Azlan recognised that *Ar Rahnu* CARE was one of the immediate financial help that may be used in an emergency and to persons afflicted by the epidemic. Dr Azrul Azlan saw this as one of the benefits of an *Ar Rahnu* YaPEIM over other *Rahn* available in the market.

YaPEIM developed its own Islamic Pawnshop in 2000 through its cooperative arm, Koperasi YaPEIM Berhad, and it presently has over 212 branches in Malaysia as of 2021. (Azrul Azlan Iskandar, 2021). In 2021, the total asset of the *ar Rahnu* and pawnbroking industry in Malaysia will be 16 billion. There are approximately 500 pawnbroking outlets in Malaysia and around 400 *ar rahnu* outlets (Mohd Nor Suhairy, 2021).

In Malaysia, microfinance institutions provide money or capital to borrowers. Malaysia has several microfinance organisations, including Majlis Amanah Rakyat (MARA, founded in 1966), Amanah Ikhtiar Malaysia (AIM, founded in 1987), Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM,

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formed in 1993), and Yayasan Tekun Nasional (YaPEIM, created in 1993). (TEKUN, est 1993). These financial facilities' principal goals are to support society in low-income families, especially micro-entrepreneurs. One of Malaysia's financial facilities is the *Ar Rahn* plan.

This case study's learning objectives are as follows: -

1. To assess the *Ar Rahn* products made available by YaPEIM during Covid-19.
2. Compare the YAPEIM *Ar Rahn* products and other *Ar Rahn* products based on *Tawarruq* available in the market.
3. To investigate the legal and *Shariah* aspects of YaPEIM's *Ar Rahn* products.

At the end of this teaching case, the students will be able to: -

1. Access the *ar Rahn* products offered by YaPEIM
2. Compare the YAPEIM *Ar Rahn* products and other *Ar Rahn* products based on *Tawarruq* available in the market
3. Analyse the legal and *Shariah* aspects of YaPEIM's *Ar Rahn* products

This teaching case could be used in the GLUP 3183 Islamic Banking Law, Bachelor of Laws course, as well as the ULUP 2014, Legal Environment and Global Business, Bachelor of Philosophy, Law and Business (BPLB) School of Law, BWSS 2013 business philosophy in Islamic finance and banking, BWSS2093 contract in Islamic banking and finance, Bachelor of Islamic Finance and Banking (BIFB), School of Islamic Business, Universiti Utara Malaysia because the current case study will focus on the function of *ar rahn* of YaPEIM during covid-19, it is essential because it will assist students in achieving the learning objective of having a better grasp of the *Shariah* and legal aspects of banking.

Furthermore, it will help the student achieve the course learning outcome of applying *Shariah* concepts to applicable Malaysian law controlling *ar rahn*.

As a result, completion of this case study is vital because *ar rahn* plays an important role in microcredit enterprises, notably in addressing economic and employment difficulties during covid-19. furthermore, the Malaysian government has set aside rm 50 million in the national budget 2021 for *ar-Rahn* Biznita YaPEIM. This concept's feasibility and adaptability for implementation in the Malaysian non-banking framework has to be examined and explored further.

The content and method of descriptive analysis are the subjects of this case study. Content analysis is a research method that uses a set of procedures to get meaningful findings from text. the rules of this inferential procedure differ depending on the theoretical and substantive concerns of the investigator. content analysis can be used for a variety of purposes. one of the goals is to compare the substance of text communication. this study collects all information regarding *ar rahn* YaPEIM products, including the YaPEIM annual report, relevant journal, newspaper, and magazine related, and the YaPEIM official website, to evaluate *ar rahn* products offered by YaPEIM during covid-19 and to examine legal and shariah aspects of *ar rahn* products of YaPEIM. with all of those materials and numbers, this study was able to correctly identify and decide the greatest facility for individuals to get financing aid, particularly micro-entrepreneurs and those in need, especially during the covid-19 pandemic. second, a semi-structured interview with the indicated respondent will be undertaken in this case study. this is purely a conversational strategy that allows for the opportunity to obtain comprehensive information from the respondent. this strategy has the advantage of allowing researchers to collect exact information and statistics regarding the products given by *ar rahn* YaPEIM during the specific time of Covid 19. the interviews and discussions were done to assess the possibility of *ar-rahnu* goods as a financial service during the covid-19 pandemic in comparison to other microfinancing channels. for each interview, a tape recorder was used. the interviews' outcomes were transcribed into text so that they

could be easily defined. the data collected is shared with other interviewers for verification and confirmation.

BACKGROUND OF THE INDUSTRY

Borrowers can obtain financial support from a variety of sources. Microfinance institutions in Malaysia provide money or give capital to borrowers. A few microfinance institutions are Majlis Amanah Rakyat (MARA, founded in 1966), Amanah Ikhtiar Malaysia (AIM, 1987), Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM, 1993), and Yayasan Tekun Nasional (YaPEIM, 1993). (YaTN, 1993). (TEKUN was established in 1993.) The primary goals of these financial institutions are to assist low-income families, especially microentrepreneurs, in society. One of Malaysia's most popular financial solutions is the *Ar Rahnu* plan.

Muassasah Gadaian Islam Terengganu (MGIT) and Permodalan Kelantan Berhad (P.K.B.) formed the Islamic Pawnshop, also known as *Ar-Rahnu*, in Malaysia 1992, and it currently includes a few other financial institutions. Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) was one of the first Malaysian government agencies to design the Islamic Pawnshop's implementation. YaPEIM worked with Bank Rakyat and Bank Islam Malaysia Berhad (BIMB) to build the Islamic Pawnshop due to regulatory limits. In the early 1990s, an Islamic-based pawnshop was controlled by a non-profit organisation, a cooperative bank, private enterprises, and the state government.

YAPEIM, Bank Kerjasama Rakyat, Permodalan Kelantan Bhd, and Muassasah Gadaian Islam Terengganu (MGIT) were among Malaysia's first *Ar Rahnu* institutions to be granted licence to build branches in Malaysia, Kelantan, and Terengganu, respectively (Ismail & Ahmad, 1997).

There are now four varieties of *Ar Rahnu* operators. In terms of legislation, the *Ar Rahnu* system is subject to certain statutes. The operations of *Ar Rahnu* institutions are exempt from the Pawnbrokers Act 1972 due to the existence of a non-compliance section. Due to the imposition of interest charges on the borrower, *Ar-Rahnu* has been unable to carry out this conduct. As a result, *Ar Rahnu* institutions are subject to a plethora of overlapping statutes and rules, the status of which varies based on the institution's registration status. Dr Azlan affirmed at this point that *ar Rahnu* under YaPIEM is always subject to the guidelines provided by Suruhanjaya Koperasi Malaysia S.K.M.) because the operation is carried out through Koperasi YaPIEM Berhad.

BACKGROUND OF THE CASE ORGANISATION/COMPANY

Dr Azrul Azlan, who represented the Member of Trustee's Board of YaPIEM, stated unequivocally that the major objective of its foundation is to be one of the great institutions spearheading the development of the ummah's socio-economic development. YaPEIM is a foundation established by the Federal Government on October 13, 1976, and recognised under the Trustees (Incorporation) Act 1952. YaPEIM was compiled and relaunched on July 20, 1984, by Y.A.B. Prime Minister at the time to maximise its potential and increase its role. YaPEIM is governed by the Board of Trustees and is governed by the YaPEIM Trust Deed, which was enacted in 1985. YaPEIM's objective is to be prominent institutions that drive inclusive and effective socio-economic development for the well-being of the ummah, and as part of its vision, it is devoted to efforts to enhance the ummah's economy and provide the greatest, most efficient, and trustworthy services (YaPEIM, 2021). *Ar Rahnu* YAPEIM now has 212 branches in Malaysia as of August 2021 (Mohamad Isa,2021). Furthermore, YAPEIM Holdings Sdn Bhd owns 100% of the following companies:

- a) Darul Sasaran [M] Sdn Bhd
- b) YaPEIM.Permodalan YaPEIM Sdn Bhd
- c) Institut Penyelidikan dan Perundingan YaPEIM Sdn Bhd

- d) Akademi Pengurusan YaPEIM Sdn Bhd
- e) Pusat Khidmat Pembangunan Usahawan YaPEIM Sdn Bhd
- f) YaPEIM Smart Venture Sdn Bhd
- g) Koperasi YaPEIM Berhad
- h) YaPEIM Hospitality International Sdn Bhd
- i) Koperasi Ibadah Qurban YaPEIM Berhad
- j) Koperasi Khairat Warga YaPEIM Berhad
- k) Koperasi Santun YaPEIM Berhad
- l) Koperasii Pasca Perkhidmatan YaPEIM Berhad

UNDERSTANDING OF THE YAPEIM *AR RAHNU* PRODUCTS

YaPEIM was founded to become the leading socioeconomic development institution that focuses on achieving the well-being of Muslim society and is committed to strengthening the nation's economy by providing the most efficient and honest services through the introduction of Islamic financial instruments or products. *Ar-Rahnu* is one of YaPEIM's Islamic financial products that has earned the foundation the most money so far (Fathiah Fathil, Mazlah Yaacob, Nurul Khairiah Khalid, and Fauziah Fathil, 2017).

YaPEIM and the National Bank of Malaysia formed a Steering Committee Scheme (Jawatankuasa Pemandu Skim) in 1992 to monitor the implementation of Islamic mortgages (Wan Naimah Wan Daud, Zakaria Bahari, and Murni Yusoff) (2020). Later that year, in August 1993, Malaysia's Finance Minister launched the *Ar-Rahnu* scheme in Kuala Terengganu, carried out by Bank Kerjasama Rakyat Malaysia (Bank Rakyat) as the provider of necessary infrastructure for the application of Islamic mortgage transactions, with YaPEIM as the main investment coordinator.

The public responded favourably to the first phase of the *Ar-Rahnu* plan, which was conducted by YaPEIM in partnership with Bank Rakyat, with RM19.3 million in loans granted and 24,218 loan accounts opened at the end of 1994. The second phase began in 1997 with Bank Islam Malaysia Berhad and was followed in 2002 by a partnership with Bank Pertanian Malaysia (Agro Bank). The second and third schemes were implemented like Bank Rakyat.

In response to the success and positive reactions from the public, YaPEIM developed its own *Ar-Rahnu* YaPEIM programme on October 2, 2000. The scheme had 136 counters and a finance loan of RM738.70 million in its first two years, benefiting 817,910 users. Income totalled RM83 million in 2014, an increase from RM72 million the previous year. Total sales had reached RM30 billion by the end of 2015 (Shamsiah Mohamad and Safinar Salleh) (2008). In Malaysia, there are currently roughly 203 *Ar-Rahnu* YaPEIM counters and 9 mobile counters (Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)) (n.d.).

YaPEIM, as one of the pioneers, has successfully implemented the *Ar-Rahnu* scheme in Malaysia, intending to meet the demands of the Muslim community while also contributing to the socio-economic development of low-income individuals (Fathiah Fathil, Mazlah Yaacob, Nurul Khairiah Khalid, Fauziah Fathil, 2017). Dr Azlan revealed that as of January 31, 2020, the total amount of finance is RM 9.884 billion, and the value of *marhun* is RM 15.451 billion (Azrul Azlan Iskandar, 2021)

Before digging more into each type of product available, it is important to remember that these *Ar-Rahnu* goods were established expressly to aid clients needing financial resources. The government has set aside a special budget for YaPEIM 2021.

AR RAHNU PRODUCTS DURING COVID- 19

Ar-Rahnu Care is *Ar-Rahnu YaPEIM*'s final big product. In line with the present post-Movement Control Order (MCO) pandemic environment, it caters to impacted areas in need of funds, particularly when a disaster strikes or in emergencies. Through *YaPEIM*'s welfare, socioeconomic, and entrepreneurship programmes, the implementation of such a product will benefit those in need of aid, donations, and other activities. Furthermore, before catering to the target group, this product provides more possibilities to consumers from diverse community groups, including chronic patients, retrenched fires, traffic accidents, natural catastrophes, and the death of the family's head (*Ar Rahnu Care YaPEIM*,2020). The loan margin supplied is up to 80% of the current gold value, with a maximum financing limit of RM 5,000.00, which is believed to support consumers receiving emergency financial assistance with savings wages as little as RM 0.75 for every RM 100.00 worth of *marhun*. There is also a 6-month mortgage duration. However, due to *Ar Rahnu YaPEIM* money allocation, this product is only available to the first eligible clients.

OTHER AR RAHNU PRODUCTS BY YaPEIM

Ar-Rahnu provides five products, including *Ar-Rahnu Prestige YaPEIM*, *Ar-Rahnu Business YaPEIM*, *Ar-Rahnu Gold YaPEIM*, *Ar-Rahnu Educational YaPEIM*, and *Ar-Rahnu Care YaPEIM*. *Ar-Rahnu Business*, *Ar-Rahnu Gold*, and *Ar-Rahnu Educational* are the newest three new *Ar-Rahnu* products, all of which serve as supplements to the existing mortgage, with each delivering particular benefits to clients (Sofyan Rizal Ishak,2019).

Ar-Rahnu Prestige, *YaPEIM*'s first product, is meant for general use. This product stays popular and in great demand among customers since it may be used for any purpose and is not limited to certain benefits (Suharne Zainudin,2020). The consumer is offered a finance margin of 70% of the value of gold, known as *marhun*, with a maximum financing limit of RM 25,000 for a single transaction. The saving wage is set at RM 0.75 for every RM100 of *marhun* purchased, with a maximum accumulated financing value of RM 75,000 supplied (F.A.Q.,2020).

Then there are the *Ar Rahnu Business YaPEIM* items. This product is specifically developed for traders to aid consumers who need financial resources to finance their businesses. It also functions as a revolving funding instrument, allowing traders to benefit from increased lending margins by cluster. With a 10-month mortgage term, the loan margin granted is 80% of the value of gold or *marhun*. Customers benefit financially since they are eligible for up to RM 75,000 per transaction and a total of RM 150,000.00 in financing. For every RM 100.00 of *marhun* purchased, the saving wage is RM 1.00. A customer must meet specific restrictions and terms to accept this offer, such as possessing a license or S.S.M. certificate, a record of three transactions for the purpose of business mortgage, or supporting documentation such as an offer letter or project working paper. These conditions are set as proof that the person is engaged in business or commerce following the items' intended purpose.

YaPEIM also offers *Ar-Rahnu Gold* as part of its attempts to assist persons in need of financial resources. *Ar Rahnu Gold* provides services and products to *YaPEIM Gold* customers without loans or financial resources by utilising *YaPEIM Gold* items as collateral, such as gold bars, gold coins, wafers, and jewellery (Produk,2020). The first purpose of creating this product is to encourage the community to use *YaPEIM Gold* products as a form of productive savings while also enjoying attractive loan margins. This product's financing margin is large, at 80% of the value of gold, with a RM 100,000.00 financing margin per transaction. Furthermore, even though the savings wage is only RM 0.90 for every RM 100.00 worth of *marhun*, the maximum accumulated financing amount is RM 200,000.00. The terms of the charge for accepting this offer are the purchase receipt, or *YaPEIM Gold* jewellery certificate card, or the *YaPEIM Gold* product card with a hallmark or holographic sticker.

Furthermore, *Ar-Rahnu* Educational YaPEIM is a programme that provides educational loans or financial support to people in need. This programme will directly aid parents in alleviating the burdens associated with their children's school enrolment or further education. The features of this product are quite enticing, with a savings wage of only Rm 0.85, but the buyer will be eligible for a loan margin of up to 75 per cent of the value of gold. This product is worth subscribing to because the loan maximum is set at RM50,000.00 for each transaction and RM100,000.00 accumulated over a 10-month mortgage duration. Furthermore, this financing product can aid university students in covering their financial resources in paying the cost of school and serve as a medium to encourage the community, particularly the young, to invest in gold savings from a young age.

In a nutshell, *A Rahnu* YaPIEM offered various main products as stated in the table below:-

<i>Ar-Rahnu</i> Care	<p><i>Ar-Rahnu</i> YaPEIM's final significant product. In line with the present post-Movement Control Order (MCO) pandemic environment, it caters to impacted areas in need of funds, particularly when a disaster strikes or in emergencies.</p> <p>The loan margin offered is up to 80% of the current gold value, with a maximum financing limit of RM 5,000.00, which is thought to be capable of supporting consumers in obtaining immediate financial assistance with savings wage as little as RM 0.75 for every RM 100.00 worth of <i>marhun</i>.</p>
<i>Ar-Rahnu</i> Prestige	<p>This product is intended for general use.</p> <p>The consumer receives a finance margin of 70% of the gold's value, known as <i>marhun</i>, with a maximum financing limit of RM 75,000.</p> <p>The savings wage is fixed at RM 0.90 every RM100 of <i>marhun</i>.</p>
<i>Ar Rahnu</i> Business YaPEIM products	<p>Specifically designed for traders to assist customers in need of financial resources to finance their businesses.</p> <p>With a 10-month mortgage term, the loan margin granted is 80% of the value of gold or <i>marhun</i>.</p> <p>Customers benefit financially since they are eligible for up to RM 75,000 per transaction and a total of RM 150,000.00 in financing.</p> <p>For every RM 100.00 of <i>marhun</i> purchased, the saving wage is RM 1.00.</p>
<i>Ar-Rahnu</i> Gold	<p><i>Ar Rahnu</i> Gold offers services and products to YaPEIM Gold customers who require loans or financial resources by utilising YaPEIM Gold items as collateral, such as gold bars, gold coins, wafers, and jewellery.</p>

	<p>This product's financing margin is large, at 80% of the value of gold, with a RM 100,000.00 financing margin per transaction. Furthermore, even though the savings wage is only RM 0.90 for every RM 100.00 worth of <i>marhun</i>, the maximum accumulated financing amount is RM 200,000.00.</p>
Ar-Rahnu Educational YaPEIM (Didik)	<p>A service that provides educational loans or financial aid to individuals in need.</p> <p>The features of this product are quite enticing, with a savings wage of only Rm 0.85, but the buyer will be eligible for a loan margin of up to 75 per cent of the value of gold. This product is worth subscribing to because the loan maximum is set at RM50,000.00 for each transaction and RM100,000.00 accumulated over a 10-month mortgage duration.</p>

COMPARISON OF AR RAHNU OF YAPEIM AND OTHER AR RAHNU OPERATORS ON TAWARRUQ MODEL

Profit Rate					
Bil	Item		Value of Marhun	Amount of Financing	Notes
1.	Profit Rate		YaPEIM	-	<i>Ijarah al Khadamat</i>
			Bank Islam	-	Value of Gold
			-	Coop Bank Berhad	-
			-	Bank Muamalat	-
Market Segmentation					
1.	Market Segmentation		YaPEIM	Other Operators	-
Accreditation MS ISO 9001:2015, Syariah Certification MS 1900: 2014					
1.	Accreditation MS ISO 9001:2015, Syariah Certification MS 1900: 2014		YaPEIM	Other Operators	-
E Bidding Platform					
1.	E Bidding Platform			Rahn Bank Mualamat	-

In summary, in comparison to other *ar rahnu* operators in Malaysia. YAPEIM's *ar rahnu* items are special in that they are offered based on consumer demands and categories. The financing period is extended to 12 months (10 months + 2 months). Customers will be notified when the period for redeeming the *marhun* is about to expire before it is listed/put on the sale list. The surplus from sales will be transferred into the *Rahin* Savings Account. The finance help is provided through the use of *tawaruq* with the assistance of the Commodity Platform under *Bursa Suq Al-Bursa Sila's Suq Al-Bursa* Ar Rahnu Biznita is one of the initiative items developed to empower women in the field of

entrepreneurship. Every month, a loyalty fortunate draw promotion is carried out. The instalment payment for *ar rahnu* finance, the calculation of the wages imposed for savings, and the check of the outstanding amount of financing are all available online.

SHARIAH ASPECT AND MODUS OPERANDI OF AR RAHNU YAPEIM

The *ar-Rahnu* plan has grown from its inception in 1992 with the establishment of Jawatankuasa Pemandu Skim to implement Pajak Gadai Islam (*Ar-rahnu* YaPEIM) (n.d.). In 2019, the *Shariah* Advisory Council of Bank Negara Malaysia (B.N.M.) ruled on the permissibility of *ar Rahnu's* product to be based on *tawarruq* (Bank Negara Malaysia (2019), signalling the capacity of the *ar-Rahnu* pawnbroking system to move to a new operation). On February 7, 2021, the institution (YaPEIM) will implement the new idea of *tawarruq* to all of its branches (Suharne Zainudin,2020). Understanding the *ar-Rahnu* mode of functioning before introducing the new concept is the essence of this debate. Thus, to understand the rationale for this transformation, the previous way of operation of *ar-Rahnu* YaPEIM shall be discussed.

Dr. Azrul Azlan said that the *Shariah* Division is critical in ensuring that the *Shariah* concept is followed in all aspects of the institution's operation. The *Shariah* division, which has three employees, is in charge of *Shariah* governance at the institution. In practice, the *Shariah* Division will transmit the outcome to the *Shariah* Committee directly. This division also checks and reads the relevant documents before they are submitted to the *Shariah* Committee for further discussion.

CONCEPT OF AR-RAHNU

Ar-Rahnu, the Islamic pawnbroking scheme, simply refers to a security contract. The phrases pawning, mortgage, and collateral all refer to the same thing. In Arabic, *Ar-Rahnu* means "consistency and continuity," or "keeping and binding." *Ar-Rahnu* is a phrase that refers to the seizure of property as security for a debt, with the secured property used to repay the loan if the debt is not paid. To protect the debtor from defaulting on the debt, the creditor seeks collateral from the debtor at the outset of the contract. This means that if the debtor fails to comply with the terms and conditions of the agreement, the creditor is allowed to pursue any legal action against the debt. The practice of *ar-Rahnu* is permitted according to *Shariah*. Its goal is to secure loan payback or debt consolidation (Uzaimah Ibrahim & Safinar Salleh,2006).

The *Quran* addresses the notion of *ar-Rahnu* in Surah *al-Baqarah* (2:283), saying, "*And if you are on a journey and cannot find a scribe, then a security deposit (should be) taken.*" The verse allows the notion of securing a loan or finance with collateral in Islam. A hadith is also related to the Prophet's practice with *ar-Rahnu*, which Aishah (R.A.) recounts. This is evidence from the *hadith*, "*Rasulullah bought food on credit from a Jew and handed his steel armour as security to the seller.*" (*Sahih al-Bukhari, Al-Bukhari*). Both of these textual provisions provide substantiation of *Rahnu's* legality from an Islamic perspective.

The majority of Islamic scholars agreed that the *ar-Rahnu* idea has four pillars: the *sighah* (offer and acceptance), the *rahin* and *murtahin* (parties to the *ar-Rahnu* contract), the *marhun* (collateral asset), and the debt itself (*marhun bih*) (Hayati Rasmin & Ruzian Markom, 2014). The *ar-Rahnu* system integrates several Islamic ideas, including *al-Qard al-Hasan* (benevolent loan), *al-ujrah* (safekeeping fee), and *al-wadiah yad dhammamah* (gracious loan) (assured storage) (Azizah Othman and Atikullah Abdullah,2019).

BEFORE *TAWARRUQ* BASED CONTRACT

Ar-Rahnu YaPEIM previously adopted four pawnbroking concepts, which are as follows: (Azila Abdul Razak, 2008).

- i) *Hassan al-Qardhul* (Loan with no interest charge)
- ii) *Al-with yad dhammamah* (Guaranteeing the custody of goods)
- iii) *Al-ujrah* (Arabic: (Storage fee)]
- (iv) *Ar-Rahn* (Islamic pawn broking system of collateral)

All four of these concepts work in tandem to produce a good pawnbroking method. In the application for funding by consumers, this activity was regularly carried out by Islamic financial institutions and Islamic pawn shops.

Customers who require finance can simply receive it by pledging their possessions as collateral to either of the institutions as mentioned above for valuation. Because of its constant market worth, gold is a widely used commodity for pawnbroking (Khairul, A. A., Nurul, W. A. & Nor, F. B, 2019). Other factors to consider when using gold include the ease with which gold can be resold and the ease with which gold purity can be confirmed. Meanwhile, gold valuation is essential for the institution to assess the quantity of funding that might be lent to the customer based on the precious that they are promising. To reduce the institution's risk of client default, valuation is typically fixed to be several percentage points below the market value of the valuable.

Following the value of the gold, the customer's acceptance of the financing money would result in the formation of *wadiah yad dhammamah*, in which the valuables are entrusted to the institution's safekeeping (Khairul, A. A., Nurul, W. A. & Nor, F. B, 2019). According to this, *ujrah* will commence, and the consumer will pay a storage fee to the institution in exchange for the institution's risk of having the asset in their custody (Khairul, A. A., Nurul, W. A. & Nor, F. B, 2019). The customer would obtain a loan from the institution governed by *qard*, followed by *ar-Rahnu*, as collateral for the financial obligation formed by this transaction (Khairul, A. A., Nurul, W. A. & Nor, F. B, 2019).

Wadiah yad dhammamah started the pawnbroking activity, followed by a *qard* contract, but certain structures begin differently (Khairul, A. A., Nurul, W. A. & Nor, F. B, 2019). The order of operation does not influence the system's authenticity, regardless of how it began. Following the conclusion of loan payments, the pawnbroking process should be complete with the redemption of value from the financial institution. It is advised that the collateral be redeemed within six months and that if no payment is made on that loan, a notice of auction is sent within two months, followed by a three-month payment extension period. If no answer is made to that notice, the unpaid sum will be collected by auctioning off the value, with any surplus going to the owner of the valuable (Cheong, C. W., & Jothee, S, 2012). If the owner is untraceable before the setting aside, the institution may place the surplus amount in the *baitulmal* account for future claims made by him (Cheong, C. W., & Jothee, S., 2012).

AFTER *TAWARRUQ* BASED CONTRACT

Tawarruq is derived from the arabic word *al-waraqah*, which means minted dirham or any silver issued to serve as a medium of exchange. A *tawarruq*, according to Bank Negara Malaysia in 2018, consists of two sale and purchase contracts. the first involves a seller selling an asset to a buyer on a deferred

basis. following that, the first sale's purchaser will sell the same asset to a third party on a cash and spot basis (Bank Negara Malaysia,2018). That is, *tawarruq* refers to a sale contract in which a buyer purchases an asset from a seller on credit with deferred payment and then sells the assets to a third party for cash at a price less than the deferred price. this is to meet the customer's cash requirement.

Tawarruq contracts allow the buyer to purchase an asset on credit and then sell it on cash to another, even if the banks have no intention of using or benefiting from it (Adnan Trakic & Hanifah Haydar,2016). the bank will purchase commodities from a supplier and sell them to customers in the first sale, which is the second sale. the customer will then sell the commodities to a different supplier to obtain the necessary cash (third sale) (Kuwait Finance House (n.d.)). Various islamic scholars have different perspectives on the legality of *tawarruq* in islam. however, *tawarruq* is generally permissible as long as all three sale transactions meet the *Shariah* requirements of a valid sale, including the customer selling the commodities to a different supplier in the third sale.

For more information, see current *ar-rahnu's* operation. in this section, we will look at YaPEIM. the implementation of *tawarruq* in *ar-rahnu* officially began in early February 2021, replacing the previous application of *qard*. its implementation is similar to the previous concept, but the operation of *tawarruq* took the place of *qard* and eliminated the use of *ujrah*. Pawnbroking is comprised of five concepts, which are as follows:

- i) *Tawarruq* (purchase and sale transaction)
- ii) *Ijarah al-khadamat* (service lease)
- iii) *Musawamah* (service lease) (non-disclosure of purchasing cost and profit to the customer)
- v) *Ar-rahnu*
- iv) *Wakalah* (agency) (Islamic pawnbroking system of collateral)

The modus operandi of Ar Rahnu YaPEIM is illustrated in the table below:-

1. YaPEIM purchases commodities from Broker A via trading platforms such as <i>Bursa Suq al-Sila</i> 'for financing.
2. The customer entrusts his gold to YaPEIM and is charged a service fee as a result. (<i>Ijarah al Khadamat</i>)
3. Under the <i>Wakalah</i> contract, the customer appoints YaPEIM as its representative to i. purchase commodities from YaPEIM; and ii. Sell things to third parties.
4. YaPEIM sells commodities to customers for a set price, such as RM1,000, which is paid over a set period, such as six months. (<i>musawamah</i>)
5. YaPEIM sells the commodity to Broker B on behalf of the customer for RM1,000.
6. YaPEIM credits the customer's account with RM1,000.

Flow transaction of *Rahnu (Tawarruq Musawamah)*

The *ar-rahnu* plan is launched, as is common, by the client opting to apply for financing through the pledge of value as collateral. The institution will then inspect the matter to decide the amount of financing. *Tawarruq* then begins with the institution purchasing a commodity from the applicable supplier and then selling that commodity back to the consumer for the amount of finance granted plus profit. The commodity is then sold back to the provider, with the institution serving as the customer's agent. The client will pay the institution on a deferred basis in the second base, whilst the institution will sell the commodity to the supplier on a cash basis in the third base. The Islamic institution will mediate between the customer and the provider in all of these transactions.

Following the completion of *tawarruq*, the earnings from commodity sales would be distributed to the customer, who would be obligated to reimburse the institution within six months, with the principal

amount of the loan being paid at maturity. It is vital to note that the commodity purchased from the supplier by the institution will be at the buy price, whereas the commodity sold to the consumer will be at the selling price (Bank *Muamalat*) (n.d.). The institution would profit from the *murabaha* transaction, which involves the sale and purchase of commodities (Bank *Muamalat*) (n.d)

LEGAL ASPECT OF AR RAHNU YAPEIM

Some challenges have occurred due to the extensive development of *Ar-Rahnu* throughout the country, which must be addressed to improve the *Ar-Rahnu* system in this country. One of the issues in Malaysia is the lack of a clear statute that governs *ar rahnu*. Traditional pawnbrokers in Malaysia are protected by the Pawnbrokers Act of 1972. In contrast, the *Ar-Rahnu* system is not covered by any legislation or regulation. The *Ar-Rahnu* programme is exempt from the Pawnbrokers Act of 1972. This is due to the Act's inclusion of various provisions that contradict *Syariah* principles. Suruhanjaya Koperasi Malaysia (SKM) and *Muassasah Gadaian Islam Terengganu* (MGIT) have taken the lead in developing executive guidelines for *Ar-Rahnu* activity in their respective institutions. However, it has been asked whether this guideline and method are adequate to protect parties in the event of a conflict. Furthermore, there is no effective coordination among *ar rahnu* regulators on *Shariah* governance of *rahnu*. *Ar Rahnu* operators operating under the aegis of Suruhanjaya Koperasi Malaysia (SKM) are not required to follow Bank Negara Malaysia (BNM)'s *Shariah* Resolution on *Ar Rahn*. SKM on the other hand, recently endorsed the Bank Negara resolution on *ar rahnu* and set a February 1, 2021 deadline for *ar rahnu* operators under their purview to migrate from the *qard* concept to the *ar rahnu* concept. The same may be said for *PosRahnu*, Pos Malaysia Berhad because they don't have *Shariah* committee to ensure the entire *modus operandi* of *rahnu* as *Shariah* compliant. Furthermore, the study's findings enable the government to create appropriate policies to assure *Ar-Rahnu* service accessibility, which has managerial consequences for the government or policymakers. In Malaysia, both public and private organisations presently provide *Ar-Rahnu* services. There is policy disintegration between them because they are dual-based providers. As a result, policies must be aligned to ensure that customers have access to these services.

Legally, because *ar rahnu* is not subject to the Pawnbrokers Act 1972, YaPEIM via Koperasi YaPEIM Berhad (KYB) is subject to the Cooperative Societies Commission of Malaysia's G.P. 25- Guidelines for Islamic Pawn Broking (*Rahnu*). The legal documents in question included, among other things:

a.	<u>K.Y.B Receives Offer Letter from YaPEIM</u> YaPEIM has made a trust fund funding offer to K.Y.B. in the <i>Ar Rahnu</i> Micro Credit Program via the <i>At-Tawarruq</i> Concept.
b.	<u>At-Tawarruq Financing Agreement b) Deed of Assignment (Special Financing Account c) Murabahah Sale Contract.</u> Both parties must prepare and execute agreement instruments.
c.	<u>YaPEIM's Letter of Appointment of K.Y.B. as Agent</u> YaPEIM will appoint K.Y.B. as its Commodity Buying and Selling Agent on the <i>Bursa Suq As Sila</i> .
d.	<u>K.Y.B. Purchase Requirement Letter to YaPEIM</u> K.Y.B. will prepare and submit the Purchase Requirement to YaPEIM, which includes the Purchase Application and Purchase Undertaking (<i>Waad</i>) under the Financing Agreement
e.	<u>YaPEIM will issue a Purchase Instruction Form.</u> YaPEIM directed K.Y.B. to purchase commodities worth R.M. xxxx, xxx. xx.
f.	<u>The following information must be included on the Certificate of Purchase:</u> a) Buyer: Koperasi YaPEIM Berhad b) Owner: Malaysian Islamic Economic Development Foundation

	The Purchase Certificate will be submitted to YaPEIM by K.Y.B.
g.	<u>YaPEIM will issue a Sale Instruction Form.</u> YaPEIM will continue to implement the aqad with K.Y.B., in which YaPEIM will sell the commodity to K.Y.B. on a deferred basis in the amount of RMxxxxxxxxxx
h.	<u>The following information must be included on the Reporting Certificate: -</u> a) Malaysian Islamic Economic Development Foundation is the seller; b) Koperasi YaPEIM Berhad is the buyer. K.Y.B. will submit a Reporting Certificate summarising the commodity's ownership transfer.
i.	<u>The following information must be included on the Certificate of Sale</u> a) The vendor is Koperasi YaPEIM Berhad. b) Bursa Malaysia Islamic Services is the buyer (BMIS) K.Y.B. will file a sale certificate

CONCLUSION

Tawarruq contract refers to a sale contract in which a buyer purchases an asset on postponed payment from a seller and subsequently sells the assets to a third party for cash at a price less than the deferred price. The rationale for converting *ar-Rahnu* YaPEIM into a *tawarruq*-based contract is that the previous method of charging the customer for the safekeeping fee based on the value of gold pledged violates *Shariah* requirements, which only allow the safekeeping fee to be set on costs directly related to the *Rahn* transaction. This is because it will provide financial benefits for the lender, which is against *Shariah* principles. Because there is no idea of *wadiah* or safekeeping in *tawarruq*-based contracts, the last issue of economic benefits to the lender can be handled after *implementing tawarruq*-based agreements. Under this newly executed contract, the consumer will request for loan utilising a valuable as collateral. After assessing the precious and deciding the amount of financing, the financial institution will purchase the commodity from the supplier and sell it back to the customer on a deferred basis at the price of the financing amount plus profit. The financial institution will also function as the customer's agent exchanging the commodity for cash with the supplier.

In Malaysia, there is a need for a special Act to govern the *rahn* industry. This industry's regulators should be effectively coordinated. In a word, utilising a *tawarruq*-based contract ensures that *ar-Rahnu* YaPEIM is *Shariah*-compliant. The products will be sold according to market segmentation. YaPEIM Care is a product that can meet the needs of Covid 19. During Move Control Oder (MCO), there is no *rahn* auction. *Ar Rahn* YaPEIM is already MS ISO 9001:2015 and Syariah Certification MS 1900:2014 accredited. This teaching material is suitable for the Bachelor of Laws course GLUP 3183 Islamic Banking Law and the ULUP 2014, Legal Environment & Global Business, Bachelor of Philosophy, Law and Business (BPLB) School of Law, Universiti Utara Malaysia, BWSS2013, Business Philosophy in Islamic Finance, Banking, BWSS2093 Contract in Islamic Banking and Finance, Bachelor of Islamic Finance and Banking (BIFB), School of Islamic Business, Universiti Utara Malaysia,

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Interview

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Mohamad Isa Mokhtaruddin, *Shariah* Secretariat YaPEIM

Mohd Nor Suhairy, *Ar Rahn* Business Development, Bank Muamalat Malaysia Berhad

Managing the Change Processes in UUM Teaching and Learning During Covid19 Pandemic

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Teaching Case Synopsis

The case is about how a public university handles the changes in teaching and learning during Covid19 pandemic. With the challenges that the university has to face, the limited facilities, the number of faculties and students that it has to manage, the university is considered to be successful in managing the required changes that are acceptable to all its stakeholders. Hence, the case is more of a best practice case in handling changes during a pandemic, illustrating the application of management accounting theories such as Lewin's Three Stage model and the Force Field Analysis.

Keywords: Covid19 pandemic, teaching and learning, change, best practice

1. PROLOGUE

Professor Yusnidah barged into her office, laid her belongings on the coffee table and walk straight to her working desk. The session with the State Government she had with earlier was quite worrying. "I need to get the feedback from the Ministry. They have to make the decision fast. Or else it's going to be problematic for universities to manage the students and the teaching and learning activities". Prof. Yusnidah was thinking to herself. The State Government has instructed for universities not to receive any students from China, since China was heavily affected by the Covid19 pandemic. People are beginning to be more alert, wary and conscious now when the situation in China was already at its Covid19 worst with 7736 confirmed cases and 170 deaths. The World Health Organisation (WHO) Risk Assessment reported cases in China as very high risks. (WHO Novel Coronavirus [2019 nCoV] Situation Report-10 as reported on 30 January 2020). However, the Ministry of Higher Education (MOHE) has yet to come up with their decision and instruction on the matter whilst the National Security Council (MKN/ Majlis Keselamatan Negara) were still allowing foreign visitors into the country at this time. What would be the best thing for UUM to do? Students from China provide the second largest funding contribution to UUM in terms of academic fees. If UUM were to hinder them from coming to study in the campus, that would be a great loss to UUM, and if they were allowed to come and stay in the campus, what impact would that be on the existing students who have just started their new semester on campus? "How I wish I have the answer to all these complications", Prof Yusnidah was uttering to herself again. What would be the best thing for the university to do?

2. INTRODUCTION

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Professor Yusnidah was the Deputy Vice Chancellor for Academic and International (DVCAI), thus was in charge of academic matters in UUM. When the first Movement Control Order (MCO) announcement was made on the 16th March 2020, Prof. Yusnidah thought that the MCO, which started on 18th March 2020, would have ended within a fortnight. Therefore, the DVCAI's office had announced that the semester break which was supposed to be on the 27th March to 2nd April (one week) was rescheduled to 18th to 31st March to suit the MCO period. However, the second MCO announcement which came out on 29th March 2020 prompted Prof. Yusnidah on the uncertainty that the MCO would come to a halt in a short time. No one knew when the pandemic would come to its end, however, teaching and learning processes must continue, with or without the pandemic. Prof. Yusnidah realized that actions need to be taken for the continuity of teaching and learning in UUM. At the same time, the safety of students who were staying in the campus and the quality of the teaching and learning processes were treated to be of the same importance.

Due to the MCO, Prof. Yusnidah was aware that it was impossible to conduct the face-to-face classes, as there were students who were already back home, therefore, it was impossible for them to come back to the campus. Furthermore, although there were students who were staying in the campus, face-to-face classes still could not be initiated as the MCO had limited the students' movement to only areas within their residential colleges. Prof. Yusnidah saw that the only thing to be done in ensuring the continuity of the learning process was through the learning management system or the UUM's online learning (OL). This method would not only guarantee the continuity of teaching and learning, but also would ensure the safety of the students. The only thing was that Prof. Yusnidah was not sure at the beginning, if the quality of online teaching and learning could be maintained as that of the face-to-face meeting.

3. BACKGROUND OF THE CASE ORGANISATION/COMPANY

UUM is among the top ten public universities established in Malaysia in the 1980s, under the UUM 1980s Order. In 1998, the university was corporatised and was known as a focus university. It was located in the northern part of Peninsular Malaysia. UUM offered a number of academic programmes especially geared towards providing a broad spectrum of knowledge and intellectual skills in various focused areas. As a focus university, UUM offered a foundation studies in its focused area with the intention to produce generations that would lead in the various fields of its focused area in the future. UUM had three academic colleges: the College of Business (COB), the College of Arts and Sciences (CAS) and the College of Law, Government and International Studies (COLGIS).

UUM was the first university to implement fibre optics in the campus networking infrastructure to promote technology in education, as well as in ensuring their students obtained updated information and experienced the latest developments. Among the focused programmes offered at the undergraduate level were Bachelor of International Business Management (Hons.), Bachelor of International Affairs Management (Hons.), Bachelor of Public Management (Hons.), Bachelor of Media Technology (Hons.), Bachelor of Industrial Statistics (Hons.), Bachelor of Social Work Management (Hons.), Bachelor of Education (Hons.) (Teaching of English to Young Learners), Bachelor of Education (Hons.) (Education Management), Bachelor of Education (Hons.) (Information Technology), Bachelor of Education (Hons.) (Accounting), Bachelor of Education (Hons.) (Business Management), Bachelor of Education (Hons.) (Guidance and Counselling), Bachelor of Education (Hons.) (Moral Education),

learning was impossible to be conducted, therefore, it was determined that the teaching and learning would be conducted 100% online for the remaining of the then ongoing semester with the pandemic.

The endorsement from MQA was obtained after a few days, and MQA stated that “for as long as the content of the syllabus achieved 80% coverage, it would be accepted”. This clarification was such a relief to Prof. Yusnidah, that she could focus on the implementation of the online learning in UUM. Three main concerns triggered Prof. Yusnidah, however, and they were the readiness of the lecturers, the readiness of the students, and the availability of supporting facilities which would make the online learning and teaching works.

In order to accommodate the readiness of the lecturers, Prof. Yusnidah instructed the University Teaching and Learning Centre (UTLC) to conduct a series of training on alternative learning and teaching during a pandemic. Prior to the MCO, the idea of online learning has been discussed in UUM’s Management’s meetings, and the purchase of an online meeting platform, called WEBEX was actually initiated a few months back before Covid19 became a pandemic nationwide. The MCO however, had expedited the purchasing process, therefore, Prof. Yusnidah instructed the UTLC to start the training series with hands on WEBEX drills. All trainings were conducted online. Those were followed by numerous other applications which would ease not only the teaching and learning processes, but other processes as well such as the assessment process. The implementation was not easy at the beginning. Some of the lecturers were facing difficulties themselves as they were not familiar with handling the application which was far different from the face-to-face method that had been long practised previously. However, it was surprising that despite the lack-of-skills in adapting to the new technology, the lecturers gave full support to the UTLC by attending the numerous courses. Their responses were very positive, with the willingness to learn attitude, despite the continuous courses that they needed to attend. The positive attitude was driven by the fact that the lecturers perceived learning should continue, and students need to be helped and facilitated using whatever method that could be utilized besides the face-to-face meeting. Furthermore, lecturers also portrayed their worries to have face-to-face meetings with the students as the Covid19 virus was not visible.

Although the responses from the lecturers towards the OL were overwhelming, there were also very few cases of resistance, which were eventually, efficiently controlled. Most of the resistance was due to the lack of skills in handling the online applications, however, UUM through its UTLC had promised that lecturers would be given full support in facing the challenges. The lecturers involved were given proper explanation by their superiors on the importance of the shift, and what could possibly happen if the shift had not taken place.

The positive response from the lecturers gave a strong feeling to Prof. Yusnidah that the OL would work. However, Prof. Yusnidah realized that having necessary facilities on the lecturers’ side alone would not guarantee its success. The readiness of the students would also need to be assessed, thus, the Deans of academic schools was instructed to conduct readiness surveys on the students to identify if students were also equipped with necessary facilities for OL.

About 5,000 students were stranded in the campus, and UUM was recorded as having the highest number of students on campus, besides Universiti Teknologi MARA (UiTM). In the first announcement, the MCO period would last for 2 weeks, however, the MCO was extended for another 2 weeks and could be continued until a period that no one knew at that time. Prof.

Yusnidah saw this situation as an issue, especially for the students staying in the campus. They did not have anything to do, classes were not initiated, and they could not go anywhere except their residential cubicles. Prof. Yusnidah realized that if classes would not be possible to be started immediately, those students would become bored and tiresome, and eventually might create more serious matters of psychological breakdown, such as stress, anxiety and depression. Therefore, Prof. Yusnidah perceived that classes need to start as soon as possible, thus would make the students busy with academic activities. Having this matter communicated with other DVCAIs, the issue was then brought up to the Ministry of Education (MOE) to expedite the beginning of online classes as soon as possible.

Based on the inputs they received from the universities' DVCAIs, the MOHE issued an order to say that online classes might be conducted between 27th April 2020 and 1st June 2020. Prof. Yusnidah's office sent a notice to students announcing that the online classes would start on 28th April 2020, and the notice was sent two weeks prior to the date in order to ease the readiness of the students.

Through each academic schools, each lecturer was instructed to conduct a short survey to identify students' readiness towards OL. The survey needed the students to determine if they were willing to attend online classes and if they had necessary gadgets such as laptops and smartphones and sufficient internet line to do so. For those staying in the campus, the internet line was not an issue as UUM had the best internet line, which not only could accommodate for those on campus, but also for those outside residences staying in the area surrounding the campus. However, for students who were already back home, situations were different for each of them. Therefore, those situations needed to be assessed to make sure that OL would be successfully implemented.

The results of the survey indicated that almost all students had internet connectivity, however, some with good connection, some with moderate and some with poor connection. Only a small group of students were found to be with no connectivity with internet. Prof. Yusnidah perceived that to conduct real time OL was almost impossible as students have different level of readiness towards the real time OL. Prof. Yusnidah consulted educational experts in UUM, and was given the suggestion to conduct Remote Learning (RL), which is a type of OL that combined synchronous and asynchronous methods of learning. For students with strong connection, they might join the synchronous classes. At the same time, instructors or lecturers might record the online classes and posted them via other online tools such as the Online Learning (OL), Whatsapp or Telegrams (to name a few), which can later be viewed by students with moderate to poor internet connections. For those without internet connection, lecturers might need to find other ways of communicating and delivering the teaching and learning materials such as by sending out related resources using courier services.

In terms of facilities, UUM was considered to be one step ahead as the idea of implementing OL had taken its place prior to the Covid19 pandemic. The UTLC, along with the UUM's Computer Centre, initiated the subscription of WEBEX, which costed only RM24,000 per year, and was regarded as acceptable. The trainings on WEBEX was conducted aggressively for the lecturers to use effectively in their online classes. The two weeks' buffer was important for the lecturers and university to plan for smooth teaching and learning processes, and at the same time tried to accommodate for any weaknesses which might interrupt the process.

The facilities were just secondary to supporting the changes. The key role was the willingness of the lecturers to change their perception on teaching and learning processes, to adapt with the whole new method which was totally different from the way it was practised previously and the good-hearted principle in helping the students adjusting themselves in the totally new norms, thus making sure of the continuity of education. The role played by the university was also incredible in the sense of helping the lecturers to accommodate with the new environment.

The RL started on 28th April 2020. Overall, students had stayed in campus or at home without classes for approximately 40 days (from 18th March 2020 to 27th April 2020). The process went well, although there were areas that need to be improved especially in terms of the assessments conducted via online. The UTLC and the Computer Centre continued to provide the necessary helps to the lecturers, not only with the teaching and learning processes, but also with the assessments. Various online workshops and virtual seminars were conducted to smoothen educational activities for the remaining of the ongoing semester.

Students' acceptance was good. For students who were outside campus, internet accessibility was their biggest obstacle, while for those on campus, the biggest hurdle was being away too long from their families. Everybody was struggling, however, the change process went well. RL needed to be embraced by both students and lecturers, especially in the pandemic situation, where nobody could predict when it would ever end.

5. EPILOGUE

"Hmmm....one tough and challenging semester has passed by via online teaching and learning, remote learning, remote assessment, and remote examination and coursework. Alhamdulillah, we are able to get through those very well. But of course, we need to be able to take into consideration all the comments and complaints from various parties regarding teaching and learning processes this semester, to ensure a better teaching and learning experience for the next semester onwards".

Prof. Yusnidah was sighing and thinking to herself again.

"Is it possible for UUM to conduct face-to-face classes, face-to-face examinations for a certain group of targeted students? I hope schools can promote to the students in their final semester, since there were not many of them... in about three to four hundreds of them. Perhaps we can call them to be back in campus. We conduct something like finishing classes to prepare them for the professional examinations, tutorials or something, so they would be able to experience a bit of campus life. Of course we need to prepare them before they went out to work. If we can do it, that would be an option for those who would like to pursue. We made it as if it's like Common Admission Test (CAT).... whoever wants to join, they can come. Otherwise, they don't have to. Somehow, I have the feeling that they would come back here, then you will all need to think what do we feed them with.... Perhaps on languages, giving them tips, providing them tutorials, a bit of classes...one or two weeks here just before the exam. Perhaps they would want to meet their lecturers too, perhaps they need clarifications on certain issues or subject matter. If that is manageable, perhaps

we could provide this advantage to the professional students. But of course we need to think of their accommodation, it should be sufficient. We need to discuss this further with the Student Affairs Department.”

ACKNOWLEDGEMENTS

The authors would humbly acknowledge our sincere and heartfelt thanks and gratitude to the Institute for Management and Business Research (IMBRe) and Universiti Utara Malaysia (UUM) for providing us the financial assistance to enable the execution of this case study project.

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Want to Sell Product? Let's Use Facebook Page

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Synopsis

This teaching case focuses on Ajwa Synergy Enterprise Company (SASE) which is a wholesaler and retailer of herbal and health products. The pandemic era has left Ajwa synergy's business in a precarious state. In order to adapt the business in the new norm environment, Ajwa Synergy has decided to make a transformation by moving towards digital. After the transformation is implemented, then Ajwa Synergy needs consulting services from you to make an assessment of the digital transformation.

Keywords: Digital Marketing, Facebook, Social Media

Nak Jual Produk? Jom Guna Facebook Page

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Sinopsis

Kes pengajaran ini menfokus kepada Syarikat Ajwa Synergy Enterprise (SASE) iaitu pemborong dan peruncit bagi produk herba dan kesihatan. Era pandemik telah menyebabkan perniagaan Ajwa synergy berada dalam keadaan yang tidak stabil. Untuk mengadaptasikan perniagaan dalam persekitaran norma baharu, maka Ajwa Synergy telah mengambil keputusan untuk melakukan transformasi iaitu dengan cara beralih ke arah digital. Selepas transformasi tersebut dilaksanakan, maka Ajwa Synergy memerlukan khidmat nasihat rundingan dari pihak anda untuk membuat penilaian ke atas transformasi digital tersebut.

Kata kunci: Pemasaran Digital, Facebook, Media Sosial

1. PENGENALAN

Sejak kembali dari menghadiri taklimat mengenai teknologi pemasaran digital, Azali tidak putus memikirkan kelangsungan Syarikat Ajwa Synergy Enterprise (SASE). "Macam mana nak berubah, kedai pun tak ramai yang datang, ini pemasaran digital pula", sambil Azali melayari Internet. Kekunci seperti "Perniagaan di norma baharu" dan juga "teknologi pemasaran digital" diinputkan ke enjin

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gelintar. “Wow... betullah apa yang disampaikan oleh Prof Zahari tu...” Azali agak terkejut apabila melihat paparan hasil carian di enjin gelintar. Azali merasa begitu teruja. Begitu banyak sekali hasil carian di enjin gelintar yang menunjukkan penggunaan teknologi dalam perniagaan di norma baharu. Satu persatu dilihat dan dibaca oleh Azali. Rajah 1 dan Rajah 2 di bawah adalah antara hasil carian yang dibuka oleh Azali.



Rajah 1: Artikel 1

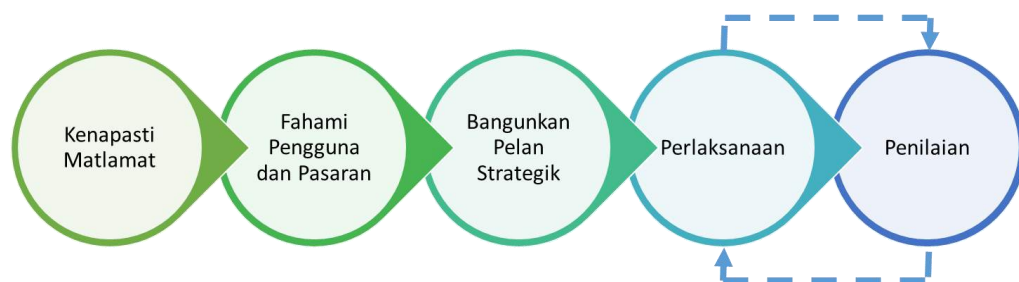


Rajah 2: Artikel 2

Taklimat teknologi pemasaran digital merupakan sesi perkongsian ilmu yang disampaikan oleh Prof Zahari, pakar pemasaran digital. Menurut Prof Zahari pemasaran digital atau e-marketing merupakan kaedah pemasaran yang menggunakan internet sebagai medium bagi menyampaikan promosi atau maklumat produk kepada pengguna. Menurut Prof Zahari, pemasaran digital boleh dilakukan melalui pelbagai kaedah seperti email, enjin carian, media sosial, laman web (digital sepanduk) dan peranti mudah alih seperti telefon pintar. “Ingat! Setiap kaedah ini ada kekuatan dan limitasi masing-masing. Oleh itu, pilihlah kaedah yang sesuai mengikut kemampuan dan produk yang dijual”, pesan Prof Zahari di akhir sesi taklimat.

“Prof, saya berminat dengan pemasaran digital ni, tapi saya kurang faham, macam mana nak pilih kaedah yang betul. Maksud saya untuk produk saya, nak pilih yang mana satu?”, Azali sempat menemui Prof Zahari sewaktu sesi minum petang. “Seperti yang saya sampaikan tadi, semua kaedah ini bagus. Tapi... itulah mungkin kita tidak berkemampuan untuk melaksanakannya atas apa jua sebab, mungkin dari segi kemahiran, teknikal, dan kewangan. Satu lagi produk! Perlulah sesuai dengan kaedah yang kita pilih. Contohnya nak jual roti, tak kan nak pakai email atau enjin carian kan? Tapi kalau nak jual buku, mungkin sesuai”, jelas Prof Zahari. “Macam mana tu Prof, kenapa roti tak sesuai?”, Tanya Azali lagi. “Begini, cuba pertimbangkan beberapa faktor seperti jangka hayat produk dan citarasa pengguna. Roti mempunyai jangka hayat yang pendek...lazimnya dalam satu minggu, citarasa pengguna pula pelbagai, malah pelbagai variasi roti dijual di pasaran tempatan seperti di kedai runcit. Dekat dan mudah didapati. Agak-agak kalau kita iklankan di internet, ada orang berminat ke? Adakah mereka akan terima roti yang masih elok? Atau dah tamat tempoh? Lagi baik dia beli dari kedai runcit saja kan? Kalau buku lainlah”, Jelas Prof Zahari.

“Ooo... faham Prof. Produk yang saya jual tahan lama, tapi hampir setiap daerah ada cawangan yang menjualnya, agaknya kaedah mana yang sesuai untuk produk saya Prof?”, Azali ingin sekali mendapatkan kepastian. “Siapa pengguna utama produk awak?”, tanya Prof Zahari. “Kebiasaannya masyarakat sekitar iaitu golongan dewasa dan warga tua yang perihatin dengan kesihatan mereka. Oh ya... saya menjual produk dari HPA International”, jelas Azali. “Ok... itu satu lagi pertimbangan yang perlu diambil kira. Ingat tak tadi saya ada terangkan tentang langkah kedua dalam strategi pemasaran digital (Rajah 3). Berkaitan dengan pengguna dan pasaran. Mungkin dalam kes ini kaedah seperti email, sepanduk elektronik, enjin carian sangat tidak sesuai. Tapi cuba media sosial. Sebab kita tahu, pengguna media sosial ini terdiri dari pelbagai latarbelakang dan peringkat umur. Media sosial ini pula ada pelbagai. Cuba pilih mana yang paling ramai orang guna”, jelas Prof Zahari. “Ooo.. macam Facebook ya Prof?”, Tanya Azali sambil mengangguk faham. “Ya, tepat sekali”, jawab Prof Zahari dengan senyuman.



Rajah 3: Proses dalam strategi pemasaran digital

Penjelasan Prof Zahari amat jelas bagi Azali. Beliau tahu perubahan amat perlu bagi SASE. SASE adalah sebuah syarikat bertaraf Industri Kecil dan Sederhana (IKS) mikro yang beroperasi sejak tahun 2016. SASE menjual produk berasaskan kesihatan keluaran HPA International di bawah rangkaian kedai jenama Halalmart. Sejak beroperasi, SASE telah berhadapan dengan dua cabaran utama iaitu hasil jualan tahunan yang rendah dan persaingan dengan produk tiruan. Hasil jualan yang rendah mungkin berpunca daripada lokasi syarikat yang kurang popular atau kurang tumpuan. Di lokasi yang sama, tidak banyak kedai lain yang beroperasi dan jumlah pengunjung juga amat kurang. Lazimnya, pelanggan syarikat ini adalah dalam kalangan pelanggan tetap atau mereka yang mempunyai keahlian dengan Radix. Dari segi promosi, syarikat ini hanya mengamalkan pengiklanan secara tradisional iaitu menggunakan poster, brosur dan risalah. Melalui strategi ini, liputan promosi adalah terhad. Ini menyebabkan tidak ramai yang “mengetahui” kewujudan syarikat ini serta produk yang dijual mereka.

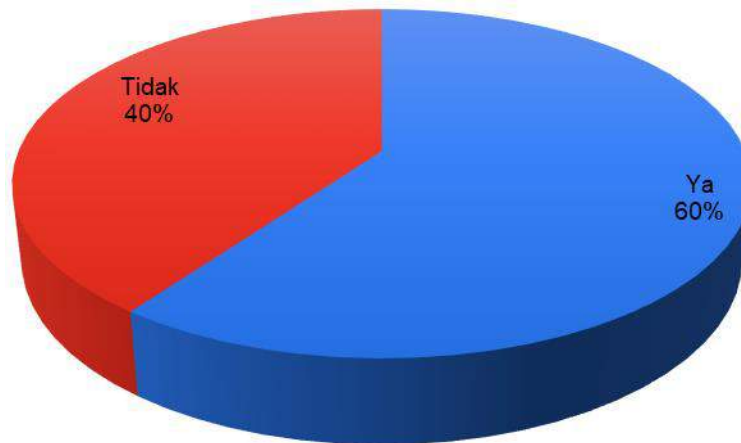
“Patut pun...” tumpuan Azali beralih kepada laporan tinjauan pelanggan terhadap kedainya (Jadual 1). Azali telah menjalankan tinjauan bagi mendapatkan maklum balas penduduk di Changlun dan sekitar terhadap kedainya. Seramai 60 orang telah memberi maklumbalas. Hanya 10 orang sahaja yang tahu

lokasi kedainya. Empat dari mereka pula tidak pernah membeli di kedainya. “Hanya enam orang sahaja yang pernah menjadi pelanggan!... itu baharu 10%... kena buat sesuatu ni”, Azali agak kecewa dengan hasil tinjauan tersebut.

Jadual 1: Hasil Tinjauan

		Ketahu lokasi kedai RADIX Halalmart di Changlun?		
		Ya	Tidak	JUMLAH
Pernah membeli barangan di kedai Halalmart Changlun	Ya	6		6
	Tidak	4	50	54
	JUMLAH	10	50	60

Selain lokasi, produk tiruan juga merupakan ancaman besar kepada perniagaan En Azali. Sekali lagi En Azali merasa kecewa, “aduh... ramai yang tidak mengetahui tentang produk Radix tiruan”, sambil meneliti carta pai di hadapannya (Rajah 4). Produk tiruan menyebabkan hasil jualan berkurangan. Ini kerana ramai pengguna lebih cenderung membeli produk tiruan yang harganya adalah jauh lebih rendah. Bagaimanapun, pengguna tidak menyedari bahawa produk tiruan tidak dijamin keberkesannya. Malah berkemungkinan mempunyai kesan negatif ke atas kesihatan. Kempen kesedaran mengenai risiko dan kesan negatif produk tiruan telah dijalankan oleh pembekal produk Radix. Namun, faktor harga dan kurangnya kesedaran dalam kalangan masyarakat menyukarkan usaha mereka.



Rajah 4: Kesedaran Mengenai Produk Tiruan Radix

Cabaran inilah yang memerlukan Azali mencari penyelesaiannya. Sewaktu mengikuti taklimat mengenai strategi pemasaran digital, Prof Zahari ada menunjukkan contoh Facebook Page. Azali masih teringat kata-kata Prof Zahari “Ayuh kita tukar, jom digital.... Kita perlu teroka teknologi baharu, jika tidak kita akan ketinggalan. Kaedah tradisional sudah tidak lagi berkesan untuk generasi sekarang”. Setelah membaca artikel di Internet mengenai pemasaran digital, Azali bertambah yakin dan ingin mencuba kaedah baharu pemasaran. “Ya, teknologi baharu, mesti cuba...”, hati kecil Azali bersuara dengan penuh semangat. “Tapi...”, Azali sedar akan kelemahannya, pengetahuannya mengenai teknologi maklumat amat rendah. “Sekadar nak guna perisian Microsoft Word bolehlah... akaun Facebook pun tak ada”, fikiran Azali mula tertumpu kepada teknologi ICT (*Information and Communication Technology*).

“Aduhai abang ni, tak usahlah fikir mendalam sangat, kita buat sama-samalah”, sapa Siti. “Betul apa yang Prof tu cakap, nanti kita buat Facebook Page tu... Siti dah ada sikit ideanya”, tambah Siti lagi. Siti merupakan isteri dan juga rakan perniagaan Azali. Mereka bersama-sama membangunkan SASE. Siti cukup faham akan suaminya, “kita buat sama-sama ya bang. Siti yakin kita boleh buat. Kita cuba dulu Facebook, nanti bila dah berjaya, kita cuba kaedah lain pula”, Siti cuba menyakinkan Azali.

2. LATARBELAKANG SYARIKAT

Kes pengajaran ini menfokus kepada Syarikat Ajwa Synergy Enterprise iaitu pemborong dan peruncit bagi produk keluaran HPA International. Syarikat ini beroperasi di Arked Jati, pekan Changlun di bawah rangkaian jenama HalalMart. Profil syarikat diringkaskan seperti dalam Jadual 2. Syarikat ini diuruskan oleh dua orang pekerja sahaja yang bertindak sebagai pengarah dan pengurus (Rajah 4). Bidang tugas adalah seperti dalam Jadual 3. Jualan tahunannya adalah kurang daripada RM 200,000. Berdasarkan kriteria ini syarikat Ajwa Synergy Enterprise dikelaskan sebagai IKS mikro.

Jadual 2: Ringkasan maklumat mengenai syarikat Ajwa Synergy Enterprise

PERKARA	MAKLUMAT
Nama Syarikat	Ajwa Synergy Enterprise
No pendaftaran	AS0374529-A
Tahun	13 Mac 2016
Alamat	Lot B5, Arked Jati, Bazar Changlun, 06010 Changlun, Kedah
Telefon	(6012) 531 3241
Email	ajwasinergi@gmail.com
Bentuk Perniagaan	Perkongsian
Kegiatan Perniagaan & Industri	Penjualan produk makanan dan minuman (produk kesihatan herba)

Jadual 3: Bidang tugas pengarah eksekutif dan pengurus

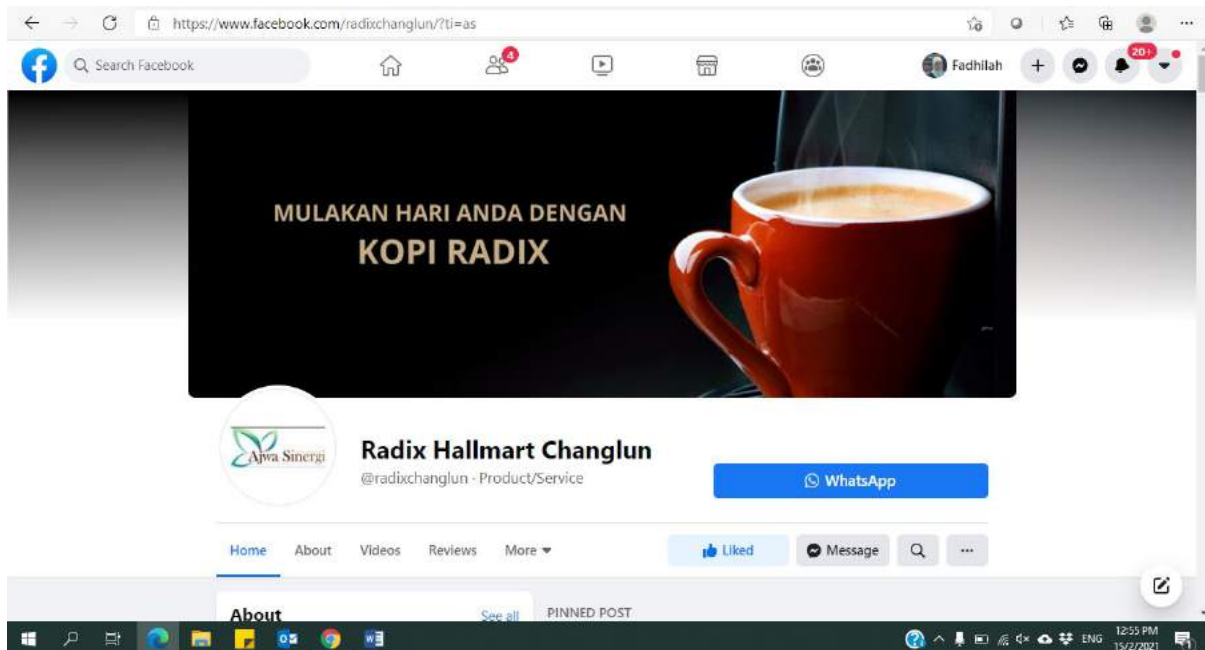
JAWATAN	BIDANG TUGAS
1. Pengarah (Pn. Siti Fatimah Binti Abdullah)	<ol style="list-style-type: none"> 1. Memastikan segala urusan syarikat berjalan dengan lancar 2. Menyelesaikan segala masalah yang dihadapi oleh syarikat 3. Membuat keputusan berkaitan dengan Pengurusan syarikat 4. Mengetua mesyuarat bersama pekerja 5. Memantau setiap bahagian operasi syarikat 6. Mempunyai kuasa memberi arahan
2. Pengurus (En. Azali Sapie)	<ol style="list-style-type: none"> 1. Memastikan kewangan syarikat berada dalam keadaan baik 2. Memberi nasihat berkaitan kewangan 3. Bertanggungjawab terhadap segala urusan berkaitan kewangan 4. Merekod segala urusan niaga syarikat 5. Menjalankan tugas mengikut etika perakaunan 6. Membuat "Balance Sheet", IncomeFlow dan laporan kewangan syarikat 7. Menguruskan hal ehwal pentadbiran 8. Merancang keperluan sumber manusia untuk organisasi



Rajah 5: Carta Organisasi

3. TRANSFORMASI KE FACEBOOK

Azali menyedari potensi teknologi maklumat dan komunikasi dalam menangani masalah syarikatnya. Azali yakin beliau perlu berubah untuk kelestarian perniagaannya. Oleh tu berbekalkan pengetahuan yang terhad mengenai ICT dan media sosial, beliau dan Siti telah mewujudkan akaun Facebook dan Facebook Page (<https://www.facebook.com/radixchanglun/>) khusus bagi mempromosi produk-produk yang dijualnya (Rajah 6). Bagaimanapun, disebabkan kurang pengetahuan mengenai ICT dan strategi pemasaran melalui internet atau pemasaran digital, usaha beliau tidak mencapai hasil yang memberangsangkan. Beliau memerlukan bimbingan tentang kaedah yang sesuai menggunakan media sosial sebagai media pemasaran. Beliau juga memerlukan bantuan bagi “memperkenalkan” syarikatnya sebagai one-stop-center bagi produk Radix di Pekan Changlun.



Rajah 6: Muka depan FB Page Radix Hallmart Changlun

4. PENUTUP

Anda sebagai perunding pemasaran digital, di minta untuk membantu En Azali dengan menilai semula strategi dan medium bagi pemasaran melalui Facebook yang telah dilaksanakan oleh En Azali (sila rujuk Lampiran 1). Anda juga dikehendaki menjawab beberapa persoalan berikut;

- 1) Adakah maklumat dalam FB Page yang dibangunkan oleh Azali ini jelas menggambarkan produk yang akan dipromosikan? Bincangkan dan berikan justifikasi anda.

- 2) Adakah maklumat dalam FB page ini mencukupi? Bincangkan dan berikan justifikasi anda.
- 3) Adakah FB Page ini memenuhi piawaian asas pemasaran digital? Bincangkan dan berikan justifikasi anda.
- 4) Apakah kekuatan FB Page ini? Bincangkan dan berikan justifikasi anda.
- 5) Apakah kekurangan FB page ini? Bincangkan dan berikan justifikasi anda.
- 6) Apakah penambahbaikan yang boleh anda cadangkan untuk FB page ini? Bincangkan dan berikan justifikasi anda.
- 7) Selain dari FB, apakah medium lain bagi pemasaran digital di norma baharu. Bincangkan.

PENGHARGAAN

Penyelidik merakamkan jutaan terima kasih kepada Universiti Utara Malaysia (UUM) yang telah membiayai kajian ini di bawah Skim Geran Kajian Kes, kod S/O 14804 di bawah tadbir urus Institut Pengurusan Penyelidikan dan Perniagaan (IMBRe), UUM.

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LAMPIRAN 1

**MULAKAN HARI ANDA DENGAN
KOPI RADIX**

Radix Hallmart Changlun
@radixchanglun · Product/Service

WhatsApp

Home About Videos Reviews More

Liked Message

About See All

Changlun

Boleh dapatkan Kopi Radix di sini.
> Boleh beli secara ONLINE.
> Penghantaran (COD) disediakan untuk tempat tertentu.

Jual produk keperluan rumah, kesihatan & kecantikan.

118 people like this including 1 of your friends

125 people follow this

Typically replies within a day
[Send Message](#)

ajwasinergi@gmail.com

Open Now
10:00 AM - 6:00 PM

Product/Service

Suggest Edits
Does this Page have a phone number?
Yes Unsure No

PINNED POST

Radix Hallmart Changlun
September 20, 2018 ·

Kalau boleh apa yang kita minum, kita nak dapat manfaatnya. ☺
Kopi RADIX tiruan kita takut bukan ada manfaat malah BERACUN.
Susah nak dapat di tempat anda? Kami HANTAR seluruh Malaysia 🤗...
[See More](#)

Photos [See All](#)

Shop [See All](#)

Kopi Radix Sihat RM23.00	Minuman IMT RM4.20	Ubat Gigi Herba RM6.40
Minyak Habbat... RM80.00	Madu Asli RM20.50	HGH - II RM190.00
Minyak But-But RM18.00	Royal Enzime RM99.00	Kopi Radix Halia RM20.00

Page Transparency [See All](#)

Facebook is showing information to help you better understand the purpose of a Page. See actions taken by the people who manage and post content.

Page created - April 9, 2016

Related Pages

	Produk HALAL HPA Health/Beauty	Like
	Radix HallMart Mahabbah Department Store	Like
	Hgh-II Hpa Penyembuha... Shopping & Retail	Like

Add Your Business to Facebook

Showcase your work, create ads and connect with customers or supporters.

[Create Page](#)

15 6 Shares

[Like](#) [Comment](#) [Share](#)

Write a comment...

OTHER POSTS

Radix Hallmart Changlun
December 29, 2020 · [See Profile](#)

Kopi Radix pilihan anda ..
Diamalkan oleh generasi ke generasi 😊😊
Ataupun boleh order disini
👉👉 www.wasap.my/60125313241/OrderRadix

[View Similar Products](#)

[Like](#) [Comment](#) [Share](#)

Radix Hallmart Changlun
December 26, 2020 · [See Profile](#)

Boleh beli kopi di Radix Changlun Hallmart
Ataupun boleh order disini
👉👉 www.wasap.my/60125313241/OrderRadix

KOPI SINERGI 7 HERBA

...mai...secawan...

Tongkat Ali	1
Akar Larak	2
Akar Halban	3
Teja Lawang	4
Mengkudu Hutan	5
Akar Tebu Gajah	6
Akar Mata Pelanduk	7

Radix Online Mart

1

[Like](#) [Comment](#) [Share](#)

Write a comment...

Online Versus Offline Possibilities of Trulooks Cosmetics

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Teaching Case Synopsis

Trulooks beauty and cosmetics was a local brand company in Malaysia. It started the operation since 2015 with small-scale enterprise and headquartered in Kangar, Perlis. It was a new grow local brand which produced beauty cosmetic for both gender with a reasonable price. Trulooks beauty and cosmetics was developed by two ladies name Miss Adibah binti Abdul Bari and Miss Julia Suhaila binti Lah. Adibah, the founder of Trulooks faced a dilemma after meeting one of her loyal customer. The customer suggested that Trulooks should consider opening its own beauty outlet. The customer felt that she needs to have a personalized experience before purchasing a cosmetic. Currently, Trulooks cosmetic solely was being distributed through online marketing. In order to fulfil the customer demand, she has to scan the environment whether it was feasible to open a beauty outlet or maintain with online business. While online shopping continues to grow and evolve, there will be an important place for bricks and mortar stores in consumers buying experience. Consumers need to interact with the product in real life and value personalized experience. The ability to see, touch and feel products was one of the many reasons consumers choose to shop in stores versus online. Consumer like to interact and need advice from the sales associates in their purchase journey. Thus, as this need persist, Trulooks need to think in adding more channel in their business to compete and increase their sales in future.

Keywords: distribution channel, beauty industry, cosmetic, online business, word of mouth.

1. INTRODUCTION

Trulooks was a small enterprise and was still in the growth phase. Trulooks focused on cosmetic products, including normal and tinted moisturizers, eyeshadow and concealer. The company adopted an online sales strategy and via sales agents. In addition, Trulooks heavily relied on personal recommendations through the word-of-mouth of its customers. Although online selling seemed to be the trend, the idea of a physical store to further boost sales cannot be overlooked and must be given consideration. In a physical store, unlike online purchase of cosmetic products, customers can easily test and only then, decide to buy the products that work best for their skin. Besides, potential customers who prefer shopping through a 'brick and mortar' store or who face difficulty to access online sites might eventually end up not buying at all, resulting in Trulooks losing out on potential customers.

2. BACKGROUND OF THE COMPANY

The Trulooks Beauty and Cosmetics company was a local brand company in Malaysia. It started its operations in November 2016, as a small-scale enterprise, headquartered in Kangar, Perlis. The company produced cosmetic products for men and women at a reasonable price. Adibah decided to name her brand of cosmetics as Trulooks as she felt this brand name reflected the global concept of her cosmetics, and could easily penetrate any market, both domestic and global. "I chose this brand name to fit my products into any market I want to conquer", confessed Adibah.

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Trulooks beauty and cosmetics was the brainchild of two beautiful ladies, both blood relations, Miss Adibah Abdul Bari, 36 years old as director and Miss Julia Suhaila binti Lah, 33 years old, as CEO of the company. Adibah started her career in 2008 as a bank officer, while Julia had delved into various businesses since 2000 to gain experience and exposure. Though both of them had a stable career, they found something was still lacking and were not entirely happy nor satisfied with their careers. Therefore, in 2016, these two young ladies agreed to venture into a more challenging field by becoming partners in the cosmetics business with a paid-up capital of RM30,000.

To gain a competitive edge in the cosmetics business, Adibah knew that there was no ‘short cut’ to success in this fragmented industry. She said, “I know that many entrepreneurs use OEM products and then they repackage and put their own brand name; I don’t want to follow their footsteps”. In order to be different, Adibah and Julia decided to develop a new product with their own formulation. To begin with, they came out with tinted moisturizer as their signature product. At that time, tinted moisturizer was a new product in the market and no other local company had ventured into it. The struggle to develop an untested product was real because none of them had the expertise in formulating the ingredients to produce the tinted moisturizer. Therefore, they had to hire and consult a chemist to do the research and development of this product.

After getting product approval from the chemist, the product was ready to be launched. Trulooks started to sell its products via its own website and after several months the firm extended to other famous online shopping platforms. Zalora, Lazada and Shopee were selected as their online platforms to sell the Trulooks tinted moisturizer. Surprisingly, the sales hit the target of RM1 million over several months. With this product, Trulooks managed to have a steady average sale of RM200,000 every month. The business started to flourish. Thus, Adibah and Julia boldly and confidently forged ahead to introduce eyeshadow and concealer in 2018 and further expanded their business range in skincare in 2019 under Truskin brand name and the first product to produce was a face moisturizer. Trulooks not only relied on online platforms to clinch their sales, but also hired 200 stockists and agents as distributors of Trulooks products. They were responsible for promoting and selling the products in the local market.

RANGE OF PRODUCT OFFERINGS, PRICE AND PRODUCT USAGE

Adibah and Julia started their business with tinted moisturizer as their main product. This tinted moisturizer can suit all skin types, especially in Malaysian and Asian climate. The ingredients were chemical-free and lightweight with SPF 50. Adibah claimed that the tinted moisturizer could replace foundation that suit as daily use for those who did not prefer thick makeup. In addition to this, the product also served as a moisturizer and enhanced the glow of the skin. Another key feature of the tinted moisturizer was it could be used as a make-up base and could last for up to eight hours. Tinted moisturizer came in three basic colours (vanilla, taffeta and caramel), and was water-based formulation and the latest edition was specifically formulated for skin hydrating and anti-aging. The product was packaged in a tube of 30 ml.

The launch of this product was encouraging and surprisingly hit the sales target in the Malaysian market. The products were offered with different price ranges according to different types of formulation. The selling price of the tinted moisturizer (three colors) was RM 92, Truskin tinted moisturizer was RM 119 per unit and new skin hydra anti-aging moisturizer was priced at RM 85 per unit.

After several months of product launch, Adibah and Julia realized that they could now cater to a new segment of the market, i.e., the men. Trulooks came out with special formulation of tinted moisturizer,

known as Trulooksman. This tinted moisturizer was designed to suit the male skin. The ladies were motivated to introduce this product range as they realized men have a different skin type. This product was water-based, with extra matte and SPF 50 UV protection. Customers could buy this product at RM80 in the market. Adibah and Julia felt proud and happy in launching this unique product for men as it was one of its kind in the Malaysian market. This enabled them to create their own product differentiation and stand out from the others in the cosmetics industry. 'With this special formula and uniqueness of the product, we don't have close competitors', stressed Adibah.

The high volume of sales of the tinted moisturizer motivated Adibah and Julia to expand their business. They began by offering other products, like eyeshadow and concealer. They introduced two different product lines of eyeshadow, known as Glammer edition and drama queen edition. Glammer edition was formulated to fulfil the needs of customers who wanted more sparkling skin for special functions, such as a reception or dinner. The color ranges for the Glammer edition was 24k, espresso, moonstone, burgundy, enigma, rosegold, summer, caramel and blackout. The other edition of eyeshadow was compiled with brighter colours to suit different moods and emotions. Adibah and Julia used various bright colors to come out with the Drama Queen edition. The colours, which could be chosen from a palette, were angel, valentine, flirt, criminal, scandal, ladyboss, jealousy, party and daydream. For eyeshadow, the product offering was easier as it was imported from Korea. The process was easier and faster as they only needed to choose the most suitable and preferred colours of the customers. Customers can buy their eyeshadow edition at a price of RM 119 per palette in the market.

Besides tinted moisturizer, Trulooks was also well-known for its concealer. Concealer is a skin corrector used before the foundation. Adibah and Julia came out with Truconceal instant moisturize concealer to solve skin problems of their customers, like imperfect skin tone. The special formulation of Trulooks concealer was infused with vitamin E, jojoba oil, argan oil and apricot seed extract. Additionally, this concealer could hide dark eye circles, minimize pores, reduces lines and wrinkles and correct and hide imperfections of the skin. It was believed that by applying Trulooks concealer, customers can expect flawless skin, which could in turn, not only boost their confidence, but also improve their appearance. The concealer came in five different colors, i.e., vanilla, taffeta, caramel, amber and scarlet, and was ideal for all skin types at a price of RM69.

With the unexpected demand and acceptance of Trulooks products, the two ladies had to think further of their business expansion. In future, Trulooks might be able to offer a range of lipsticks, lip balms, etc. By expanding their product line, it might create a new outlook and involved a wider coverage of customers, both locally and globally.

TARGET MARKET AND SEGMENTATION

Trulooks segmented the market based on demographic factors, such as gender, income and age, specifically male and female consumers aged 26 years and above. Based on Julia's experience in the cosmetics business, she predicted that most working consumers would be more willing to buy medium to high range quality products. Realizing this segment of consumers, Trulooks strategized by focusing on the consumers in the medium to high income group.

Another segmentation bases that Trulooks applied was psychographic segmentation. In this segmentation, Trulooks targeted consumers who were busy but they still wanted to apply a quick and easy make-up to always look beautiful. These individuals needed these products in order to get ready in shorter time. Adibah felt that this segment of consumers was concern on the formulation of the products. In ensuring this need, Trulooks was dedicated to conduct field research and making sure the formulation of the products were safe and provided satisfaction to their customers.

Place

With regards to distribution, Trulooks decided to market the products using the online platform. There were a number of different distribution channels available on the Internet which could be utilized efficiently by Trulooks. Trulooks developed its own online website to introduce and promote its products. In the website, Trulooks displayed its corporate video, company history, resellers' address, and the range of products offered. Through this platform, customers could purchase the products.

Apart from the company's website, Trulooks also made full use of the convenient social media platforms. Trulooks was fully aware of the power of social media to enhance networking as well as the sustainability of the company in the long-run. Trulooks heavily relied on social media platforms, such as Facebook and Instagram. This was due to the ability of social networks to reach a wider target audience and increase people's awareness of Trulooks' existence as one of the cosmetics players in the industry. The following are the snapshots of social media platforms of Trulooks.

Trulooks also sold its products through stockists and agents. Trulooks hired stockists from every state in Malaysia, as well as in Singapore and Brunei. The headquarters of Trulooks supplied the products to the respective stockists only. Then, the stockists were free to decide whether they wanted to use their own agent or a dropship system. The stockists were also free to sell on any online platform that they were comfortable with. Trulooks and Truskin massive business activity platform was via Shopee as Shopee was the most popular online platform in Malaysia. Some stockists had their own kiosk and shop to sell the products.

BATTLING THE RIVALS IN THE COSMETICS INDUSTRY

The cosmetics industry has always been a proactive and competitive sector globally. New players always faced stiff competition when they tried to join the industry. From 2017 to 2018, this industry grew by 5.5 percent (Statistical, 2020), clearly evincing that the demand for cosmetic products was increasing dramatically. According to Shahbandeh (2020), skincare, hair care and make-up are among the top profitable product categories in the cosmetics industry. Therefore, Adibah believed that further exploration into this business would be both intriguing and fascinating.

The beauty and health industry was growing significantly as many multinational and local cosmetics companies are battling aggressively to dominate the market. Demand has increased due to current trends, including increasing female workforce participation rate (46.8% as reported by World Bank, 2019); the rise in the number of educated people; as well as the increased awareness among consumers on the importance of cosmetics and skin care products (Kestenbaum, 2018). Due to this, Adibah and Julia claimed that the cosmetics business would be a remarkable area to explore for further expansion. "I have been involved in the cosmetics business since 2007; and in 2016, I started a partnership with Adibah to develop our own products" said Julia.

Although many rivals could easily enter this sector, Adibah believed that with unique products, she could promote and penetrate the Malaysian market. As a new entrant into the cosmetics industry, Trulooks had faced many challenges and obstacles. Adibah and Julia knew that established rivals were everywhere in the world. The rivals had their own distinct characteristics and values. The rivals of Trulooks were not only the local companies but also well-known multinational corporations, such as Nars, La Mer, Laura Mercier, Estee Lauder, etc. In fact, Nars, La Mer, Laura Mercier, Estee Lauder, Beauty Addicts, Tarte, YSL, Caudalie, Hourglass, St Tropez, First Aid, and Pixi, were among the top cosmetics brands that offered a tinted moisturizer. Among local brands, only DoctoXleola produced a tinted moisturizer in its product range. "Our signature product is tinted moisturizer and I was told by one of the famous make-up artists that our tinted moisturizer is almost on par with international brands, like La Mer and Nars", claimed Adibah. Adibah also highlighted that the quality of the product should be better or equivalent to other famous and established international brands in order to retain customers.

For the other products, Trulooks was in competition with various local and overseas players. Well-known brands, like Meeracle, Alha Alfa, and Simplysiti, that offered the same products, such as eye shadow, moisturizer and concealer, were among the top local rivals of Trulooks

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Sport Sponsorship Strategies in Felda United Football Club

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Teaching Case Synopsis

Felda United Football Club (Felda United) is one of the football clubs participating in the Malaysian Super League (MSL); the top division for professional football in Malaysia. The case study aims to understand the importance of sponsorship for Felda United. It also identified the challenges experienced by Felda United in getting sponsorship. Finally, the case study intends to explore the sponsorship strategies of Felda United.

Stakeholders Theory is an underpinning theory that explained the relationship between Felda United and its stakeholders such as sponsors, government agencies, fans, and community. In the current situation of Covid-19, Felda United experienced more challenges when getting a sponsorship as well as financial survival. Therefore, it will be interesting to know how Felda United manages with the challenges and what the strategies are in order to attract sponsors. They were expected to offer more in return or benefit for sponsors beyond offering marketing and commercial objectives such as awareness, branding and advertising.

The “unfinished” type case study depicts the discussion on sponsorship strategies, and concern regarding the effect of COVID-19 towards the league during this 2020 season. Based on the sponsorship strategies employed by Felda United, it presented whether the sponsorship strategies were viable/workable for Felda United.

Keywords: Sport Sponsorship, Sponsorship Strategies, Felda United, Covid-19

1. INTRODUCTION

Felda United is one of the football clubs participating in the Malaysian Super League (MSL); the top division for professional football in Malaysia. The main sponsors for Felda United during the 2020 season were Tanah Melayu Capital Berhad (TMB) and Federal Land Development Authority (Felda). They have only played four matches for this season. The league is currently being suspended since 13th March 2020 due to the COVID-19 pandemic. The MSL plans to resume the 2020 league by 1st September. However, it will depend on the approval from many related organisations such as the National Security Council (MKN), the Ministry of Health (MOH) and the Ministry of Youth and Sports (KBS). The “new normal” for MSL will be different since it prioritises the safety of all parties involved, with a more stringent match standard operation procedure (SOP) (e.g. playing in an empty stadium).

Most of sports activities were postponed or cancelled due to COVID-19. For instance, most of major football leagues were currently stopped or postponed. The Dutch League has finished their season even though the matches were not yet completed. Meanwhile, in Malaysia, MSL is still waiting for the green light from MKN, MOH, and KBS before they are able to resume the football season. According to the International Event Group (2020), almost 38% or \$10 billion of sponsorship fee were affected due to the COVID-19.

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Mr. Nik Hasrul bin Mohd Zainudin (Mr. Nik) is the President of Felda United Football Club (Felda United), and he was the protagonist of this case study. Felda United had recently been experiencing challenges in convincing sponsors to collaborate with them. It was a tough job for Mr Nik and his team, and they need to work hard to get sponsorship.

Felda United was expected to offer more in return or benefit for sponsors beyond offering marketing and commercial objectives such as awareness, branding and advertising. The restriction on the teams' sponsors is also evident from the lack of sponsorship fees made available to each team. As a result, the team has been grappling with the problem of finding suitable sponsors which is in accordance to the MFL sponsors' agreement. It was the other challenges they were also currently facing.

2. FELDA UNITED BACKGROUND

Felda United Football Club (Felda United) is a professional football club in Malaysia owned by the Federal Land Development Authority (Felda). Felda United was established since 2007. Felda United began to compete in the Malaysian Football League from the 3rd division league (FAM Cup) progressively to a top performing league. In 2017, Felda United has been qualified to compete in the Asia Football Confederation (AFC Cup). Felda United was promoted to the Malaysian Super League (MSL) after being crowned the 2018 Malaysia Premier League Champions. Tun Abdul Razak Stadium is the club's home ground located at Jengka, Pahang.

Felda United also has three development teams. The President Cup (Under 21) team recruit players from Felda settlements across the nation. They are also being selected from the Under 19 squad and the academy players that meet the criteria to perform at this level. The Youth Cup (Under 19) – The Felda United is keen to improve players' skills and tactical understanding from the age of 19 years old and below to prepare for the Pro-league level. The Felda United Football Club Academy centralised its grassroots training programmes consisting of 65 talented youths from Felda schemes. Players are exposed to the modern football style of training with sports sciences applied and are examined throughout the year with various tournaments to enhance their performance.

In line with the Felda United's mission, a majority of the players are from Felda citizens. For instance, 35% of first team players are from Felda citizens. Meanwhile, all of the players for the President Cup (Under 21) and Youth Cup (under 19) are Felda citizens.

3. FELDA UNITED SPONSORSHIP

The three main financial sponsors of Felda United were Federal Land Development Authority (Felda), Tanah Melayu Capital Berhad (TMCB) and Grand Borneo. Mr. Nik mentioned that the sponsorship mainly for financial and in-kind sponsorship.

In terms of financial or cash sponsorship, Mr. Nik said, *"It is vital for us. It is mainly used for our team and management expenses. I usually use the financial or cash sponsorship to pay for the salaries of the team players and the academy management. It is also important for us to cover other expenses such as the travel and accommodation costs, as well as other operational costs which are incurred by the team"*.

For example, Grand Borneo under the subsidiary company of Koperasi Permodalan Felda (KPF) provides financial sponsorship for Felda United. Under Grand Borneo Groups, they managed Felda Residence Hotels in Sabah, Mersing, and Tekam Hot Spring. In return, Felda United provided the assistance and promotion in the form of social media presence of these products to Felda United fans and the public, as they have done previously with Felda D'Saji. CGRE Consultancy Service Sdn. Bhd. provided financial sponsorship for the agriculture and business services. Hence, the financial sponsorship was a crucial aspect for Felda United to ensure the management will run smoothly.

Many companies may offer sponsorship in terms of service products or in-kind sponsorship. At an international level, FBT has been sponsoring the team's clothing apparels since 2017 up until 2020. Football Thai Factory Sporting Goods Co. Ltd., or also known as FBT, is a Thai sports equipment company. The Felda United staffs, coaches, and players will wear the sponsored attires to official events. The in-kind sponsorship by FBT was able to minimize management and operational costs for Felda United since FBT have been sponsoring the attires and sport equipment. Therefore, the financial sponsorship received by Felda United will be utilized for other expenses.

Besides FBT, the Felda United team has also managed to attract sponsorship from the Thai energy drink brand of "M-150". *"Infra Bunga company, the domestic distributor for M-150 had approached us, and they would like to be one of our sponsors. As compared to Livita, Red Bull, and Carabao, the brand is relatively new in the Malaysian market. The plan was to penetrate the market and they would like to associate the brand with us. They would like to create brand awareness and loyalty among Malaysian consumers, especially for Felda United's fan and Felda community"*, Mr. Nik explained. He further added, *"For your information, M-150 is the main sponsor for Thailand Division 2 league, an equivalent of TM in Liga Super"*.

As mentioned earlier, M-150 sponsored through in-kind where they provided the energy drink products to Felda United. Felda United distributed and sold the M-150 energy drinks to the market. In return, the profits from the distributed energy drinks contributed as part of the Felda United's income. Sponsorships from international companies, such as FBT and M-150 provided opportunities for growth and business for both Felda United and the sponsors.

Meanwhile, at the national level, Mekar Subur AV Co. Ltd., a Malaysian company, has been sponsoring LED parameters at the team's field from 2018 up until 2020. It also provides income for the Felda United if other companies are interested to advertise their brands at the stadium during the match day. The income from the advertisement will help Felda United to cover the management and operational expenses.

Sponsorship experienced for Felda United

Felda United found that it was indeed rather challenging to convince sponsors due to the competitive nature of the business-to-business (B2B) reality of sponsorship. Besides offering marketing and commercial objectives such as awareness, branding and advertising (e.g. brand placement on the players' jerseys, Felda United experienced the difficulty to convince sponsors to collaborate with them since they expected Felda United to offer more in return or benefit for sponsors.

Many sponsors prefer sponsorships which are business-to-business that correlates to what the company's business is running with the team that they are sponsoring. Many teams in Malaysia are state-based that are involved with various natural resources businesses, offering numerous opportunities for the sponsors. It is the nature of sponsorship in Malaysia. *"It was a problem for us since we have a very limited source as compared to other state-based football teams"*, Mr Nik said.

Besides, Felda United's sponsorship agreement was bound with the Liga Malaysia (MFL) sponsors' agreement. Felda United needs to ensure that their sponsorship is in line and not contradict with the sponsors of MFL. Incentives were given through yearly grants by the MFL to clubs according to their ranking divisions. However, this is inclusive of the agreements set by the sponsors. Sponsorship rights were argued to be absent in the clubs under the MFL. For instance, last year, as Maybank was the official sponsor of MFL, conflict was raised when a client from other financial institutions wanted to

purchase air time of LED Felda United and LED Terengganu FC. The restriction on the teams' sponsors is also evident from the lack of sponsorship fees made available to each team. Mr Nik added that *"It was quite tough for us and other teams to find suitable sponsors without conflicting with MFL's agreement"*.

In addition, sponsors might have an interest to engage with football clubs if the government chooses to increase the tax exemption rates. *"The current tax exemption system of 7% for individuals and 10% for corporate companies is minimal. It is not attractive enough for companies to sponsor us. We hope the tax exemption will increase to 15% or even 30%, so we can get more cash or financial sponsorship from the sponsors"*, he said.

In the case of Long Jack and certain companies, financial constraints in terms of low funding may be a contributing inhibitory factor to getting sponsorship. This is seen from the company's decision to halt sponsoring Felda United in 2019. In 2020, sponsors such as FBT, Mekar Subur, and M-150 would rather choose in-kind sponsorship to engage with Felda United than financial sponsorship.

On the other hand, there was a changing trend in traditional media (e.g. printed newspapers, television or radio) to the new digital technologies such as social media (e.g. Facebook, YouTube). It is argued to have affected the way to promote Felda United. With over 60,000 followers on Facebook, Felda United is able to engage with 10% of their fans through their online posts and engagement (i.e. 'like' button) about their club's activities such as match tickets or online contests. Felda United agrees that sponsors nowadays primarily target social media presence when evaluating their sponsorship. They need to ensure that their social media activities and followers are up to the sponsors' expectation in order to retain the sponsorship agreement. It seems like a selling point for each football teams to attract their sponsors.

Other challenges that need to be highlighted apart from sponsorship was the football team's supporters. The supporters in Malaysia still have a lack of loyalty towards their football teams, and has still got much room to improve. It has given a huge impact to the sponsors' decision in collaborating sponsorship, which in turn has affected most of the football teams in Malaysia. For example, when comparing between survivability of football teams in Thailand like Buriram and Chongguri, the teams are able to survive as the communities are very supportive to support their teams as compared to their Malaysian counterparts. In contrast, Malaysian supporters were reluctant to watch the football games at the stadium, for even when the ticket price was as low as RM10.

As compared to Thailand supporters, they are willing to pay RM140 to RM180 for the team jerseys, even leaving the first day launch of Buriram on their social media to finish their stocks. This stems from their awareness in the act of buying authentic merchandises for the teams to be able to become sustainable, and cover their operational cost. Subsequently, it will attract more companies to be willing to sponsor their football teams when the supporters are loyal. Therefore, football teams are required to have a strong fan-based relationship since it will bring more companies to sponsor their teams.

Sponsorship Strategies for Felda United

There were a number of strategies employed by Felda United to attract and retain their sponsorship. There were a few criteria for the sponsors before deciding to sponsor the football team. Most of the big sponsors were looking at whether their potential clubs to be sponsored have a good track record in terms of controversy. For instance, the sponsors will try to avoid any football club which is involved in a controversy, and perhaps being highlighted in the media such as experiencing a wages problem. For main sponsors, TMCB assessed and evaluated the sponsor before accepting their offer or agreement. The fact that Felda United is clean from such assertion attracts potential sponsors. TMCB has

approached and agreed to sponsor Felda United. In return, TMCB logo is appeared on Felda United's player attires, the club's billboards, and marketing collateral. Felda United looks at the TMCB's needs when they are being approached. Early preparations and the determination to improve from Felda United are initiatives taken by the team to ensure that TMCB will retain their sponsorship.

"For example, with the amount of RM100,000, we provided a few benefits for our sponsors in return. We include their logos on the banners at both home ground and training ground. On top of that, we promote the sponsors brand on our social media such as Felda United's Facebook, Instagram, and the official website. We also allocate match tickets and the promotion space in mid-zone where players come on for sponsors", Mr Nik explained.

Furthermore, sponsors were invited every year to join tours and programmes organised by Felda United. Felda United usually invited their sponsors to join them for tours and 'meet-and-greet' sessions with their supporters as part of the initiative. For example, last year Felda United invited the sponsors to join the tours around Felda settlement, and at the same time, promoted the sponsors' product and services to their supporters.

Another strategy by Felda United was to offer media exposure to their sponsors. For example, Felda United offered media exposure for FBT in return of their sponsorship through three avenues. The first would be through the 90-minutes live match. Secondly, through press conferences on Prime News Malaysia like the Buletin Utama at 9.00 PM. Thirdly, through print media of the newspapers on Sundays and Mondays.

Besides, Felda United also offered advertisement slots via the LED boards at the stadium for sponsors. Felda United allocated several advertisement slots for the sponsors. For instance, 40 minutes were given to the club and 50 minutes were from Mekar Subur clients. Within the 40 minutes, 10 minutes are allocated for FAM while the remaining 30 minutes are for their sponsors.

In the case of M-150, Felda United initially approached the energy drink brand M-150 for them to offer in-kind sponsorship which may be used for club activities, events, or vending purposes and potentially generate income. As a result, Felda United secured sponsorship on 2018, and obtained 30,000 units of goods from M-150 last year. The sponsor realised the true potential of sponsoring Felda United since they had managed to penetrate the market especially when they distributed the products at D'Mart, the grocery store located at Felda settlement. Then, M-150 agrees to continue sponsoring Felda United in 2020 and offered in cash sponsorship to the team. Brand association is another strategy employed by Felda United. With other established competitors such as Livita, Red Bull, Carabao, consumers especially Felda United supporters - will associate M-150 directly with Felda.

To gain the company's trust, the team ensures that their service is sufficient and is worth with the amount the company has sponsored. They have gone beyond merely providing proposal strategies and took into account further research that might be required by the product. As a result, in 2018, Long Jack Orang Kampung offered both cash and value-in-kind sponsorships as the team had managed to market their products in D'Mart, which are still available today. Despite the financial constraints by the company to become major sponsors which limited their sponsorships, a possible alternative would be to become co-sponsors. The team's justification lies from their ability to market the products in D'Mart.

There was no limit in sponsorship value by Felda United, and it could even be in the type of in-kind sponsorship. For instance, Mokde Ikan Bakar is the food sponsor of Liga Super for all matches in Jengka, Pahang. With the value rate of RM1,000 per match session, a total of 15 matches in a season will give a sum of RM15,000 per season. In return, Felda United offers advertising slot in LED to them.

To keep up with the current trend just like the other businesses in Malaysia, Felda United aims to use the service of social media influencers to promote themselves. To adopt their existing football players from their own team as influencers might prove difficult as the majority of football followers have already been concentrated on the Johor Darul Ta'zim (JDT) team. Popularity of the players is also argued to be lacking towards the fans. As such, Tengku Mahkota Johor (TMJ) recruits well-known players like Safawi Rasid into the JDT team to add value in terms of their branding. The selection of player profile to play for the team plays a significant role in generating income. Giving Ronaldo as an example, fans will flock to the changing teams the player is recruited into. Mr Nik stated that *“We have plans to collaborate with social media influencers. Our plan includes, one of them by focusing on young generation to become loyal with the club, and another one is also focused on the general supporters. We cannot deny the importance of social media influencer nowadays, and it certainly has the means to help us for our future”*.

4. CONCLUSION

After the in-depth discussion on sponsorship strategies for Felda United, Mr. Nik shared about his personal concern regarding the effect of COVID-19 towards the league during this 2020 season. As he mentioned in the early conversation, the 2020 season was undeniably a tough season for Felda United to adapt with the pandemic as well as sponsorship.

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The Role of Digital Branding in Enhancing the Brand Equity Performance: A Case Study of Les' Copaque Production

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Abstract

The use of media technology in the industry plays a vital role in expanding the reach of targeted customers. Digital branding is one of the most comprehensive strategies in developing a brand in this era that is capable in creating brand equity. A Les' Copaque Production becomes a case study to investigate the practice of digital branding in developing their brand and its effectiveness to gain brand equity. The basic discussion is the role of digital branding in creating brand equity. This study applies in-depth interview methods with a company representative as main data and supported other documentation such as brochures, newspaper cuttings, magazines, the organisation's websites and authorised Internet pages. The finding showed that the practice of digital branding is been embedded since its inception and measured their performance with brand equity. The findings revealed that the role of digital branding is crucially important for the start-up company to attain brand equity and managing strategic resources. The contribution of this study is to raise awareness of the importance of digital branding in creating a sustainable brand.

Keywords: digital branding, brand equity, Les' Copaque Production

Introduction

The use of media technology in the industry plays a vital role in expanding the reach of targeted customers. Digital branding (DB) is one of the most comprehensive strategies in developing a brand in this era (Todor, 2016; Bala, 2018; Bhayani & Vachhani, 2018). DB is a brand management technique that uses a combination of internet branding and digital marketing; online marketing to develop a brand over a range of digital venues, including internet-based relationships, device-based applications, or media content (Dodwani dan Agarwal, 2017; Heini dan Heikki, 2015; Herbst dan Musiolik, 2015). The digital channel includes Facebook, Twitter, Google, Linked In, Instagram and other online media.

The term "digital brand" was initially associated with corporate marketing efforts (Labrecque et al., 2011) emerged as a specialism over the last decade with its origins rooted in direct marketing. Various labelled has been called such as e-branding, online branding, internet branding or i-branding (Rowley, 2009) that could be defined as how online channels are used to support brands that in sum to express the

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characteristics of a product, service or organisation as perceived and experienced by a user, customer or other stakeholders through networks (Chaffey, 2008).

Digital branding utilised digital media and technology to develop brands through interactions with customers. Its multichannel offered extensive options to participate in the discussions, create and share content and talk to each other (Hennig-Thurau et al., 2010). Despite uncontrol attributes, borderless, DB is capable to create brand equity throughout the brand awareness, association and loyalty perceived by stakeholders in the networks (Dharmawan, 2019).

Brand equity is a brand added value reflected from the positive cumulative of customers' perception and behavioural toward the uniqueness of the company's products and services positioning (Atilgan *et al.*, 2005; Aaker, 1996). Digital branding becomes a trend in marketing strategy platforms due to user-friendly applications in embedding brand awareness, flexible to the industries as it is location-based advertising, supervising within the targeting behavioural and cheaper as compared to others branding strategy. These advantages have called the SMEs entrepreneur to utilise it in brand development strategy included Les' Copaque Production (LCP).

LCP is a pioneer among creative industries companies in utilising the DB. Since the industry involves digital media, so it becomes compulsory for them to explore the benefits of DB in developing their brand. Throughout the journey, they had faced many trials and errors in gaining audience attention in promoting their works especially during the first stage of its inception which the knowledge and awareness of society are still in the superficial norm. Digital gadgets and applications have become uncommon for them.

Despite the norm, the persistence to utilise digital platforms to spread brand awareness has never stopped. It started from the street in analogue forms through word of mouth to the exclusive brand development strategy such as a slot in paid television and international animation series. After 15 years in the market, LCP proudly presents the list of accomplishments of their efforts, locally and internationally. The brand has grown together with Malaysians and be part of their story. The subscribers increasingly curving shown the belonging of the brand equity status.

Therefore, it is necessary to focus on digital branding to call the attention of new ventures and limited resources such as Small and Medium Enterprises (SMEs) on the relevancy of digital branding in their business strategy nowadays. Precisely, the approach was taken by successful SMEs can be an example to the other companies in developing their brand. Hence the objective of this study is to discuss the interrelated concepts between digital branding and brand equity in terms of the role of digital branding in triggering brand equity performances.

Digital Branding

In this era, digital branding has become one of the most effective ways to create brand equity (Blair, 2017; Todor, 2016). Digital branding is a brand development activity that uses digital media as a platform to grow the brand and communicate with customers (Heini & Heikki, 2015; Simmons, 2006). The common digital media that have been applied are Facebook, Twitter, LinkedIn, Instagram, Snapchat, Pinterest and Reddit (Benady, 2014).

According to Heini & Heikki, (2015) digitisation and globalisation have increased competition, which in turn businesses to find new ways to distinguish themselves in the market. Herbst dan Musiolik, (2015), According to Heini & Heikki, (2015) digitisation and globalisation have increased competition, which in turn businesses to find new ways to distinguish themselves in the market. Herbst dan Musiolik, (2015), states that digital branding is about brand management in digital media and technology. Thus, systematic brand development in digital platforms enables to highlight the uniqueness of the brand and strengthen the brand's position in the long term. This is because high market accessibility helps a company consistently strengthen its image and indirectly will increase the customer trust towards the brand (Dodwani & Agarwal, 2017).

Two-way communication is capable of building a meaningful relationship with the customer (Cizmeci & Ercan, 2015). Luckily, the rise of digital media has made the process of brand development multidirectional. It is interconnected partly beyond marketers' control as stakeholders have extensive options to participate in the discussions, create and share content and talk to each other. DB practices enable the company to manage customer relationships by facilitating conversations around the brand concerning the customers' point of view in the effective communicating delivered by loyal customers via network strongly contribute to the brand equity such brand easily been recognised and leverage new brand; gain more loyal customers; and reduce the promotional costs (Simmons *et al.*, 2010; A.Bakar, Ogos 2019).

Precise, the increasing number of personal devices and their use means, brand marketers have many more ways to polish their brand although in the absence of comprehensive company control. They can take part in the conversation and be an active player in its network. With the rich and deep content and laser targeting aim, it can create a uniform and unique image of a brand. The genuine in delivering the messages enhance trustworthiness that leads to a positive brand image, brand loyalty and brand equity (Blair, 2017).

Despite the beauty of DB, most of the companies are neglecting to adopt DB in their marketing practices. The sceptical attitudes towards brands may instead derive from the fact that branding is essential, but the actual roles and strategies lacked in assisting them to build a robust industrial brand accordingly (Mohd Yunus & Buang 2017; A. Bakar, Ogos 2019).

Methodology

This study used a semi-structured in-depth interview method (DiCicco-Bloom and Crabtree, 2006; Merriam, 1990) to obtain general scenarios of brand development. While collecting data, the researcher ensures that the respondents answer according to the framework of the study (Romano, 1989). The sample is a successful company in developing a brand that is a subject from a population (Sidek, 2002) and can represent the whole case (Zikmund, 2003). The success of the company has been evaluated when its brand development efforts get recognition from the respective body after going through the ups and downs processes in developing the company's brand. The thematic analysis applied in this study (Keller, 1998) in analysing the data where the data will

be categorised according to themes developed in the literature review. This is in line with Strauss and Corbin (1998) stated, in qualitative studies, the techniques and procedures for analysing data are less rigid and do not require a specific step yet provide a complete systematic setting to be followed to ensure uniformity and consistency in analysing the data. Researchers also use refer to the other documentation to support interview data such as Internet contents, newspaper cuttings, magazines, organization's websites and authorized Internet pages.

A Case Study's Profile

The name Les' Copaque came from the Malay term 'LAST-KOPEK' meaning the last card you can take in a card game that you put all your hopes and dreams on. Les' Copaque Production Sdn. Bhd. (LCP) located in Shah Alam, Selangor was established in December 2005, to spearhead Malaysia's animation industry and providing opportunities for the local graduates to showcase their talent. They specialise in producing high-quality local images 3D animation with global appeal. Les' Copaque Production Sdn. Bhd.'s mission statement can be best derived from our own company's name.

"We use this mentality to the way we do our work, in giving our best in creating our Intellectual Property (IP) with the highest quality possible."

When the company was first established, Managing Director Haji Burhanuddin and his wife Hajah Ainon targeted to create a simple story that would relate to anyone no matter their age and background. After months of discussion, they decided to produce an adventure story with a Malaysian 'kampung' background'. Les' Copaque Production's first project, the 3D animated movie "Geng: Pengembaraan Bermula", which was launched together with a short spin-off animated series called "Upin & Ipin", the titular characters being supporting roles in the movie.

The ideation to produce a short-animated series was conceived by Haji Burhanuddin to test the acceptance of 3D animation by Malaysian viewers. In the beginning, it started with an analogue form like video compact disk (VCD) where the promotional venue is frequently in the night bazaar. As consequence, a brand has easily been attacked by a piracy syndicate. Lack of resources hinders them to control piracy activities effectively. As a result, the brand was developed unconsciously and invisibly through various mediums such as printing, VCD and word of mouth. The illegal dan anonymous strategy astonishingly rises the LCP fans. Once the viewer becomes merrier and they started to be popular among the animation fans. The customers' trust and loyal built from the night bazaar activities had pushed them to proceed to a wide spectrum of brand development strategies. They upgraded their level of brand development strategies to broadcasting and deliberately digitalise all the products and mediums.

These surprise outcomes had encouraged them to produce their series. The now-iconic animated twin boys Upin and Ipin were chosen to star. Since the majority of Malaysians are Muslims, he came out with a plan to create a story about fasting during the month of Ramadhan. It was released on free Malaysian television channels in which viewers are targeted yet vast. Along the journey, they had faced various false claims and baseless information to tarnish and undermine Malaysian's brand and talent such as some of the messages from the episodes were misinterpreted by viewers. It was affected the fresh brand image. The crisis had pushed them to utilise digital channels such as YouTube, Facebook and websites optimally to reach the vast viewers. The

continuous efforts were payable where the brand images were rising slowly, in parallel, they also improvised the quality of the brand. focussing on childhood, Malay folklore, traditional games and green with a village atmosphere.

Despite it has affected the image yet they managed to capture the Malaysians' hearts. The experience in exploring the different levels of brand development entitled LCP a robust brand in facing the crisis. In 2020, brand equity is theirs when they received a diamond play button from YouTube after reaching the 10 million subscribers of the online video-sharing platform. For that they entitled to receive a tremendous award by 2020 such as YouTube Diamond Play Button 10 Million Subscribers, Malaysia Book of Records 2020; Mom & Kids Award 2020 – Series Animation Kesayangan, MNCTV Indonesia, Anugerah Penyiaran Ramah Anak KPI, Indonesia, Made For The World Excellence Award 2020, Best Manager of the Year – Europe Business Assembly Oxford UK.

The film “Upin Ipin Keris Siamang Tunggal” had won many accolades internationally. It won the best animation film at Montreal Animation Film Festival in 2019 with a special mention on the Script. The script was beautifully written when we included most of the Malay famous folklores stories and smartly embedded them into the story. It was selected as Malaysia’s representative to the main film categories in Asian Academy Creative Awards 2019. It is the only animation film competing with the main film. The film was selected as one of the 32 animation films shortlisted as the nominees. It is the first time Malaysian film being selected and we have made history for the Malaysian film industry. We are in the same league with Frozen 2, How to train your dragon; The Hidden World, The Angry Bird Movie 2, Ne Zha from China, and others who did not make it to the final (www.lescopaque.com., 2020).

It is cutting the jargon brand’s tracks and LCP leaving its trace behind the Malaysian youngsters. The transition from analogue to digital reflects the eagerness to win the Malaysian heart with rational and emotional brand values just like their logo presented. The frog which is outside the coconut shell literally symbolises their eagerness to dream big and their ability to think outside of the box. It is compensated and proven today.

Data Analysis

Primary data is data collected, analyzed and reported by researchers in their studies (Blaikie, 2000). According to respondents before the digital era they were already using organic brand strategies:

We knew that branding is essential to reach our target market but it requires a lot of resources especially financial. And branding through TV, radio, a newspaper is very expensive. So we raise brand awareness of Upin Ipin by utilising the piracy activities, once we popular we patterned our product, then nobody can copy it freely.

The limited resources have pushed him to try various of alternative ways to develop their brand. Respondent further explained that to leverage their brand chains, they need to use digital platforms. He added;

In order to push our brand ahead, we cannot rely on TV or advertisement. So we use many avenues such as Facebook, blog and then YouTube, and Twitter. We push over up.

Due to the limited resources, he had to utilise organic ways to apply digital branding strategy. LCP has practice digital branding to facilitate its brand leveraging processes. He added;

In this era, content is very important. The character plays an important role to show a good moral story to be inspired by a kid. We have strong content related to Malaysian culture, Malay, races, traditional games, green and yellow colour of village atmosphere...It is different, Asian faces and the unique name "Las Kopek", people can relate the name with the Upin Ipin.

The brand association was created to enable them to be recognised easily in the new market. The thrust gained from the quality of the brand leads them to the successful path. According to the respondent;

We (owner) thankfully to our employees for being loyal to us when we faced a crisis, up and down and so many obstacles along the ways to sustain in the market. The hard work pays off when we received numerous recognitions and awards from national and international. We are sustaining in the market for almost 16 years.

The transition from analogue to digital has helped them to create brand equity faster. Every dimension in brand equity is beneficial to the company. Customers who connected with the brand has built meaningful relationships. A brand with strengths will be easier to remember and become a cumulative knowledge to mark the brand image. A strong association helps to maintain a customer relationship with the brand. The cumulative positive images create brand equity for the company. The brand loyalty level proves the brand to be the customer's purchasing choice.

Discussion

Shifting from analogue to digital impactfully contributed to the company's brand equity. In line with the elements in digital branding, communication plays an important role in creating brand equity. The use of digital media helps to expand communication activities (Heini, and Heikki, 2015; Siti Ezaleila and Azizah, 2010) because it allows companies to deal with customers directly (Simmons et al., 2010). Facebook has become a major communication platform that is widely used by customers. This is in line with Malaysian Communications and Multimedia Commission (2019), data which shows that Facebook is the most used social media platform for e-commerce in Malaysia.

Interestingly, when a company faces a brand crisis, the company will reduce communication with the audience to reduce the pressure of the crisis (Tan, 2017). Instead, loyal customers act as peacekeepers and communicate with each other on various digital media platforms in naturalising the defamation, misinterpretation and slander thus reducing the burden of the crisis. Companies proactively practised open

communication in media platforms and this strategically reduces the financial burden of communication strategies as they are cheaper, fast, flexible and durable (Mijan et al., 2020). Thus, it can help increase the efficiency of companies in managing communication strategies and promote vast competition (Blair, 2017; Heini, L. & Heikki, L., 2015).

Interestingly since its inception company had focused on the branding strategy to create brand equity even though organic. In line with the transition from analogue to digital, the company's branding strategy has also shifted. It was found that the focus on brand equity at the beginning of brand development strategy helps companies to sustain themselves in the market. Lee et al (2021) stated that successful SMEs in Malaysia use the Internet a lot in promoting their brand. Medium diversity can create brand awareness and strengthen brand reputation in the market (Adetunji et al., 2019; Sasmita et al., 2015; Aaker, 1996) as well as an image positioning platform to explore profitable markets (Adetunji et al., 2019).

Conclusion

The adoption of digital technology becomes critical in boosting the competitiveness and growth, and development of companies. Digital branding plays an important role in creating brand equity. The multiple platforms have offered various channel embed to fit in different digital branding strategies. Furthermore, focussing maximumly on dominant social media like Facebook is sufficient to tackle the audience and make communication effective. The utilisation of communication via digital platforms enables the company to maintain its image and reputation and deliberately create brand equity.

Equally, the shifting from traditional marketing to digital is essential as it is offered less resource-consuming such as time, financial, human resources, and strategic communication. The utilisation of the platform, communication and gadget had proved that the digital branding strategy contributes outstandingly to the company's brand equity. Therefore, due to the weak competitiveness of Malaysian brands, a proactive approach needs to be taken to reduce the pressure faced to sustain their brand in the market. Sequence to this study, future research suggested exploring the potentiality of a mono digital branding strategy that fits the micro business's resources and capability. The thorough research will be revealed the possible strategy to face uncertain markets, types of digital content and market segmentation in order to sustain in the market.

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Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks

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Abstract

The study aims to assess the impact of extended banking hours on the service delivery of selected commercial banks. It will discuss how extended banking hours affect service delivery. This study was conducted using a descriptive method. Purposive sampling is used for this study in assessing the impact of extended banking hours on the service delivery. The interviewees for this study consisted of 400 people from four (4) different banks. One hundred (100) respondents from each bank, fifty (50) respondents from customers, and fifty (50) respondents from bank employees were willing to participate in this study. To answer and analyze the collected data, the following statistical tools are used: Percentage and frequency are used to determine the demographics of the respondents. The weighted average is used to determine the weighted average of respondent responses based on the variables used in the research and is explained using the four (4)-point Likert scale. A two-way analysis of variance (ANOVA) is also used to test the null hypothesis that there is no significant difference. There are significant differences in reliability, assurance, empathy, tangibility, and responsiveness in the implementation of extending bank business hours, indicating different degrees of importance to the selected commercial banks. The three most likely problems that respondents are likely to encounter are long queues, manpower shortages, and slowness of some commercial banks in implementing extended business hours transaction services.

Keywords: Extended banking hours, service delivery of commercial banks, service quality

1. INTRODUCTION

Services is a method that gives a high quality of delivering value to customers. It is performed by one organization to their customers to provide something needed that will meet their desires. In the case of Commercial Banks, they are known as one of the most organization providing services to their customers. They offer distinguished services with no physical goods involve which we cannot touch or handle such as transfer of money between people or country at the same time they will make sure that borrowers and their savers do business in a well-structured manner.

Services serves an important role especially to the customers experience. The following are some reasons why service is important. First, Customer Satisfaction, since they tend to pay and when a customer is satisfied on the good customer service, the satisfied customer will give positive feedback and they tend to remain loyal to the organization, they really believe that it will increase the banks long term profitability. Second, a good quality services will help the commercial banks growth and longevity.

of the bank and to be competitive as well. The service of bank is an advantage to enhance the bank's position in the market. If the customer is not satisfied in the services, it will bring a negative feedback or impact to the commercial banks which can damage the reputation of the bank. (Wasim, et al. 2017). In the Republic Act No. 8791 or the General Banking Law 2000 specifically "provides that unless otherwise, authorized by the Bangko Sentral ng Pilipinas (BSP) in the interest of the banking public, all banks including their branches and offices shall transact business on all working days for at least six (6) hours a day. In addition, banks or any of their branches or offices may open for business on Saturdays, Sundays or holidays for at least three (3) hours a day: provided, that banks which opt to open days other than working days shall report to the Bangko Sentral ng Pilipinas (BSP), the additional days during which they or their branches or offices shall transact business..." In compliance with this law banks are usually open from 9:00 am and closed by 3:00 in the afternoon every weekday.

In 2014, Bangko Sentral ng Pilipinas (BSP) issued new regulations (Circular No. 835) that liberalized operating hours of banks. That will effectively increase the productivity and operational flexibility for their customers said by the BSP. Commercial Banks may now easily extend their banking hours to provide more services to the customers. Minimum of (6) hours a day and five days a week, except for holiday and for as long as they find it necessary even before 8:00 AM or after 8:00 PM. The banks just need to submit a prior written notice to the Bangko Sentral ng Pilipinas. The new regulations on banking hours still requires compliance with minimum security measures which include the security guard, also the banks should inform their customers to their new banking hours approved by the Bangko Sentral ng Pilipinas.

2. RELATED LITERATURE

Banks are vital participants in monetary business sectors tasks and assume a significant part in keeping a country's economy running easily. In the present exceptionally serious corporate climate, nature of administrations is a fundamental component for upgrading client fulfillment and client dependability. These are significant components in improving the execution of banks and in deciding their prosperity. According to Khan & Fasih (2020), Service quality has been admired by the organizational researchers all around the globe as a competitive weapon which differentiates the organization from its rivals in a much positive way by enabling the service organizations to delight the customers through the provision of premium quality services on consistent basis and subsequently enhance their satisfaction and loyalty to the organization. To maintain a good quality service and develop a better-integrated system, it is important to understand the attitudes of the customer.

Customer service delivery is considered as a key result of assurance, tangibility, reliability, empathy, and customer satisfaction on the service of the bank. When customers who have good encounters with the assistance or service also the products of the bank, the customers will think and see it as a less risky to keep their money or other financial services. That will make them loyal and rational in making decisions (Belás, & Gabčová, 2016). Thus, Talavera (2020) study suggested that Filipino banks considered the four dimensions of service quality such as empathy, reliability, tangibles and responsiveness.

Reliability shows how the bank performs their business which they must performed consistently and accurately based to the set protocols of the banks. In terms of tangibles, the facilities, functioned well ATMs, and easily understandable banks forms are important for customers and service quality. (Al-Nady, Alolayyan, Alhawary & Shlash, 2018) pointed out that improvement in employees' assurance can help the bank itself in satisfying their clients. The banks considered empathy especially the times the clients spent when availing the services of the banks through their transactions. Filipino banks also consider the time of their clients is very important so that they ensure that they attended immediately their customers' requirements or inquiries. Talavera (2020) stated that in terms of tangibles, the facilities, functioned-well ATMs and easily understandable banks forms are important for customers and service quality. The organized facilities as well as functioned ATMs are one of the keys to provide

a better quality of service to clients and customers. Furthermore, when it comes on responsiveness, the banks clients are not expecting for immediate respond for their queries or concerns, so the banks should try to respond and solve the concerns of their clients immediately for it reflects on the service quality of the banks. (Talavera, 2020). In addition, (Rama Mohana Rao & Sayansi Rao, 2018), stated that responsiveness has a significant influence on customers' perception when it comes on the service quality of a bank.

According to Ajmal, Khan & Fatima (2018) customers are becoming more demanding in terms of service quality in Pakistan's banking sector, making analyzing indicators of customer satisfaction a huge challenge. It's critical to comprehend how service quality affects customer satisfaction. Customers' only requirement nowadays is that they get good value for their money. With the increasing competition of the industry, no one can doubt the importance of service quality. As a result, meeting consumer expectations is difficult for bankers. The banking sector can be driven to better understand the major factors that affect customer loyalty in terms of service quality. It also demonstrates how important it is for the banking industry to develop long-term and strong customer relationships. According to Hassan, Anwer & Ahsanullah (2019) the influence of the banking sector's standard of service on the national economy is important, closely linked to overall financial management and financial transaction facilitation in any business area that caters to a diverse clientele. The health and smooth operation of this sector are dependent on the perceived quality of service and the expression of customer satisfaction. In this market, commercial banks play a dominant position, and their customers are extremely sensitive to the environment and service quality.

2.1 Conceptual Framework

This framework presented the process used to assess the impact of extended banking hours on selected commercial banks to come up with possible solutions.

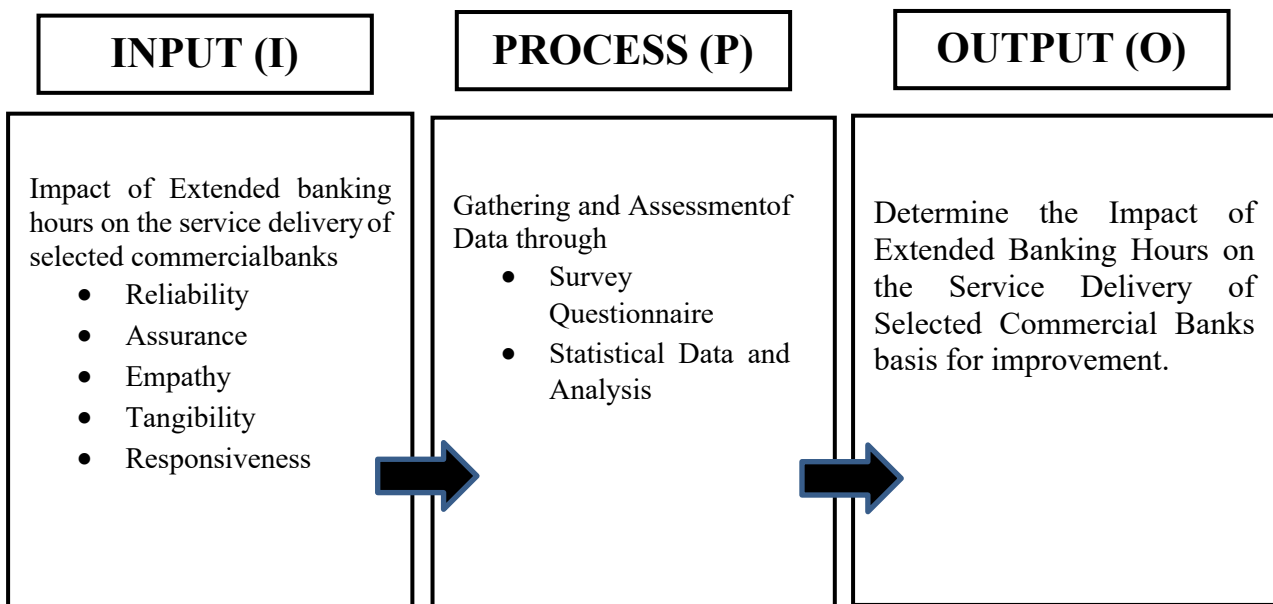


Figure 2: Conceptual Paradigm of the Study

The conceptual framework of the study will be helpful for the banks especially for the selected commercial banks in the study for they will be able to know the impact of extended banking hours that will help them to improve specifically their service delivery for their respective clients. It will also help as well as the bank clients, in terms of having a longer time they can go to their respective banks for their transactions or inquiries.

3. METHODOLOGY

This research was conducted using descriptive research methods. It involves data gathering that describes the impact of extended banking hours to the service delivery of selected commercial banks. It uses online survey method to assess respondents from bank clients and personnel. Purposive sampling was used as the sampling technique for the study. The researchers formulated a reasonable question to examine the reliability and accuracy of the instrument. The researchers presented first a draft to the research adviser for analysis, proof reading, recommendations, and feedback to our research. For further validation, the researchers, also submitted a draft of questionnaires to the professional statistician to enhance validity. Validity was enhanced through Cronbach's Alpha and carried out with 15 respondents to validate the reliability and consistency of the questionnaires of the study Likert Scale was used to analyze and interpret the quantitative results. The results of survey questionnaire responses will be presented in four categories with a given corresponding values and interpretation The computed F-values are interpreted based of the following scale: 3.50 – 4.00 Very Satisfied, 2.50 – 3.49 Satisfied, 1.50 – 2.49 Partly Satisfied, 1.00 – 1. 49 Not Satisfied. Two Way Analysis of Variance (ANOVA) was used in determining the assessment of respondents based on the given variables and examining the null hypothesis of this study. And to analyze the difference between the means of four groups of respondents, the researcher used the following formula:

1. Frequency and Percentage

$$\% = f \times \frac{100}{N}$$

Where:

% = percent
f = frequency
N = number of responses
100 = given as constant

2. Weighted Mean

$$\bar{x}_w = \frac{\sum w_i x_i}{w}$$

Where:

w = weight of each item
x = value of each item

3. Likert Scale

WEIGHTS	LIMITS	VERBAL INTERPRETATION
4	3.50 – 4.00	Very Satisfied
3	2.50 – 3.49	Satisfied
2	1.50 – 2.49	Partly Satisfied
1	1.00 – 1.49	Not Satisfied

WEIGHTS	LIMITS	VERBAL INTERPRETATION
4	3.50 – 4.00	Highly Concern
3	2.50 – 3.49	Concern
2	1.50 – 2.49	Less Concern
1	1.00 – 1.49	Not Concern

4. Two-Way Analysis of Variance (ANOVA)

$$SS = \sum(x - \bar{x})^2$$

$$MS = \frac{\sum(x - \bar{x})^2}{df}$$

Where:

x = measurement
 \bar{x} = group mean
df = degrees of freedom

4. RESULTS AND DISCUSSION

1. Respondents Assessment on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks

Table 1: Respondents Assessment on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks in terms of Reliability

INDICATORS	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	WM	VI	WM	VI	WM	VI	WM	VI
1. The consistently performance of the bank in terms of delivering the services.	3.42	Satisfied	3.48	Satisfied	3.40	Satisfied	3.51	Very Satisfied
2. The bank provides services at the promise time.	3.45	Satisfied	2.52	Satisfied	3.38	Satisfied	3.44	Satisfied
3. The bank dependability in handling client's service problems.	3.37	Satisfied	3.00	Satisfied	3.36	Satisfied	3.43	Satisfied
4. The quality and maintaining error-free records performed by the bank.	3.36	Satisfied	2.96	Satisfied	3.34	Satisfied	3.43	Satisfied
OVERALL MEAN	3.40	Satisfied	2.99	Satisfied	3.37	Satisfied	3.45	Satisfied

Legend: WM = Weighted Mean

VI = Verbal Interpretation

The overall mean 3.45 Robinsons Bank, 3.40 BDO, 3.37 BPI and 2.99 China Bank indicates that the respondent assessment on the implementation of extended banking hours on the selected commercial banks were satisfied with its reliability.

This shows that the selected commercial banks know how to deal with their customers in terms of meeting their needs, which enables their customers to trust the bank and the people who provide good services. It is very important for banks to have people who know how to treat customers well. If the client see's that the bank is reliable and they can trust on, it will give a positive effect on the service delivery of the banks.

Aligned with the result of survey, according to Belás, & Gabčová, (2016) study one of the determinants clients considered in customer satisfaction is a good service delivery it includes how reliable the bank is for their clients.

Table 2: Respondents Assessment on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks in terms of Assurance

INDICATORS	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	WM	VI	WM	VI	WM	VI	WM	VI
1. The support services provided by the bank.	3.48	Satisfied	2.94	Satisfied	3.35	Satisfied	3.22	Satisfied
2. The working hour or time for solving certain problems and concerns.	3.34	Satisfied	2.96	Satisfied	3.21	Satisfied	3.14	Satisfied
3. The accuracy of the information provided by the bank.	3.50	Very Satisfied	3.08	Satisfied	3.41	Satisfied	3.20	Satisfied
4. The clarity of the bank management structure	3.47	Satisfied	3.08	Satisfied	3.32	Satisfied	3.20	Satisfied
OVERALLMEAN	3.45	Satisfied	3.02	Satisfied	3.32	Satisfied	3.19	Satisfied

Respondents from BDO, BPI, Robinson Bank and China Bank are satisfied with the clarity of the bank management structure, weighted mean 3.47, 3.32. 3.20 and 3.08. The overall mean 3.45 of BDO, 3.32 of BPI 3.19 of Robinson Bank and 3.02 of China Bank indicates that the implementation of extended banking hours on the selected commercial banks are satisfied with its assurance.

This indicates that customers and employees have confidence or remain loyal to the selected commercial bank they trust. This means that they express politeness, accuracy, and consistency in accordance with the needs of the service delivery provided by the bank. Providing assurance to clients increase the banks productivity and increase the clients trust and loyalty to its selected commercial banks.

Aligned with the result of survey (Al-Nady, Alolayyan, Alhawary & Shlash, 2018) pointed out that improvement in employees' assurance can help the bank itself in satisfying their clients.

Table 3: Respondents Assessment on Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks in terms of Empathy

INDICATORS	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	WM	VI	WM	VI	WM	VI	WM	VI
1. The employees and other personnel execute positive attitude.	3.58	Very Satisfied	3.38	Satisfied	3.44	Satisfied	3.51	Very Satisfied
2. The bank initiative to help the client.	3.52	Very Satisfied	3.20	Satisfied	3.56	Very Satisfied	3.43	Satisfied
3. The bank provides individual attention to each client.	3.53	Very Satisfied	3.23	Satisfied	3.44	Satisfied	3.49	Satisfied
4. The understanding of the specific needs and concerns of each client.	3.24	Satisfied	3.24	Satisfied	3.56	Very Satisfied	3.48	Satisfied
OVERALL MEAN	3.47	Satisfied	3.26	Satisfied	3.50	Very Satisfied	3.48	Satisfied

In terms of overall mean of four selected commercial banks with their bank's empathy, BPI with a weighted mean 3.50 which is interpreted as a very satisfied. On the other hand, Robinsons Bank with a weighted mean of 3.48, BDO with a weighted mean of 3.47, and lastly the China Bank with a weighted mean of 3.26 which is interpreted as satisfied on the implementation of extended banking hours on the selected commercial banks are very satisfied with its empathy.

This shows that the selected commercial banks aim to express concerns about personal needs or service personalization, which means that they express that everyone is important. Through these customers and employees, they may have established a long-term relationship with the commercial bank of their choice. As well, this result satisfies the viability and profitability of all banks as well as their service delivery performance.

Talavera (2020) stated that the banks considered empathy especially on the times the clients are availing the bank's services. This empathy enables employees to show how important and caring they are to their clients. With the result of the survey, it proved that having empathy enhance bank service delivery.

Table 4: Respondents Assessment on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks in terms of Tangibility

INDICATORS	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	WM	VI	WM	VI	WM	VI	WM	VI
1. The machines and equipment used in delivering services such as ATMs and computers.	3.26	Satisfied	3.21	Satisfied	3.22	Satisfied	3.47	Satisfied

2. The service delivery through the use of other communication materials such as emails, calls or texts and flyers.	3.43	Satisfied	3.04	Satisfied	3.27	Satisfied	3.52	Very Satisfied
3. The facilities provided by the bank in delivering services in terms of safety, cleanliness and organized environment.	3.60	Very Satisfied	3.28	Satisfied	3.42	Satisfied	3.62	Very Satisfied
4. The attention and treatment provided by the bank in attending queries and concerns.	3.42	Satisfied	3.04	Satisfied	3.38	Satisfied	3.48	Satisfied
OVERALL MEAN	3.43	Satisfied	3.14	Satisfied	3.32	Satisfied	3.52	Very Satisfied

The overall mean of 3.52 Robinsons Bank indicates that the respondent assessment on the implementation of extended banking hours on the selected commercial banks were very satisfied with its tangibility, meanwhile the overall mean of 3.43 BDO, 3.32 BPI and 3.14 were interpreted satisfied with its tangibility.

The results show how important it is for the selected commercial bank to have good physical environmental facilities, equipment, and machinery in meeting customer needs. When banks provide them with better quality services, customers tend to feel safer, and customers will also consider this when trusting the commercial bank of their choice. The physical facilities provided by the banks help the clients to finish and achieve the satisfaction they are looking for in their selected commercial banks.

Based on the study indicated in chapter two of this paper, (Talavera, 2020) stated that in terms of tangibles, the facilities, functioned-well ATMs and easily understandable banks forms are important for customers and service quality. The organized facilities as well as functioned ATMs are one of the keys to provide a better quality of service to clients and customers.

Table 5: Respondents Assessment on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks in terms of Responsiveness

INDICATORS	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	WM	VI	WM	VI	WM	VI	WM	VI
1. The speed of service delivery in responding to concerns or queries	3.32	Satisfied	3.22	Satisfied	3.20	Satisfied	3.44	Satisfied
2. The bank action in terms of some failure to their system.	3.21	Satisfied	2.98	Satisfied	3.20	Satisfied	3.37	Satisfied

3. The availability of banks to attend clients' requests or clarification.	3.80	Very Satisfied	3.19	Satisfied	3.30	Satisfied	3.38	Satisfied
4. The persistence of bank in performing services to the clients correctly.	3.42	Satisfied	3.21	Satisfied	3.40	Satisfied	3.40	Satisfied
OVERALL MEAN	3.44	Satisfied	3.16	Satisfied	3.28	Satisfied	3.40	Satisfied

The respondents of BDO, BPI, Robinsons Bank and China Bank were posted satisfied with the bank persistence in performing services to the clients correctly, weighted mean 3.42, 3.40, 3.40 and 3.21 respectively. The overall mean 3.44 BDO, 3.40 Robinsons Bank, 3.28 BPI and 3.16 China Bank indicates that the respondent assessment on the implementation of extended banking hours on the selected commercial banks were satisfied with its responsiveness.

This shows that commercial bank employees act cautiously by responding to customer inquiries and completing the tasks assigned to them. According to some studies, banks with highly responsive employees can help build a strong customer bondage. On the other hand, a bank who's gives value to their staff or employees build a good impact relationship and a positive presence in the workplace. Based on the study indicated in chapter two of this paper, according to (Rama Mohana Rao & Sayansi Rao, 2018), responsiveness has a significant influence on customers' perception about service quality of a bank.

Table 6: Summary of the Overall Assessment of Respondents on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks

INDICATORS	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	OVM	VI	OVM	VI	OVM	VI	OVM	VI
1. Reliability	3.40	Satisfied	2.99	Satisfied	3.37	Satisfied	3.45	Satisfied
2. Assurance	3.45	Satisfied	3.02	Satisfied	3.32	Satisfied	3.19	Satisfied
3. Empathy	3.47	Satisfied	3.26	Satisfied	3.50	Very Satisfied	3.48	Satisfied
4. Tangibility	3.43	Satisfied	3.14	Satisfied	3.32	Satisfied	3.52	Very Satisfied
5. Responsiveness	3.44	Satisfied	3.16	Satisfied	3.28	Satisfied	3.40	Satisfied
OVERALL MEAN	3.44	Satisfied	3.11	Satisfied	3.36	Satisfied	3.41	Satisfied

The summary of the respondent's assessment on the Impact of the Extended Banking Hours on the Service Delivery of Selected Commercial Banks, all the banks were posted satisfied with their corresponding indicators such as Reliability, Assurance, Empathy, Tangibility and Responsiveness. BDI, Robinson Bank, BPI and China Bank got a grand mean of 3.44, 3.41, 3.36 and 3.11 respectively. In terms of Reliability, all the selected commercial banks were posted satisfied, but Robinsons Bank got the highest overall mean of 3.45 while BDO, BPI and China Bank got 3.40, 3.37 and 2.99 overall mean. Furthermore, BPI posted very satisfied with the indicator Empathy, overall mean of 3.50 but Robinsons Bank, BDO and China Bank were only satisfied with the overall mean of 3.48, 3.47 and 3.26. For the indicator Tangibility, Robinsons Bank were very satisfied with the overall mean of 3.52, while BDO, BPI and China Bank are posted satisfied, with the overall mean of 3.43, 3.32 and 3.14. Lastly, in terms of Responsiveness, all the selected commercial banks were posted satisfied BDO with overall mean of 3.44, Robinson Bank 3.40, BPI 3.28 and China Bank 3.16.

Respondents such as clients and employees of selected commercial banks were overall satisfied with the banks' service delivery in terms of the given indicators of variables such as reliability, assurance, empathy, tangibility, and responsiveness, which indicates that the selected commercial banks were able to meet their clients and personnel needs in terms of service.

2. Significance of Difference on the Assessment of Respondents on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks

Table 7: Test of Significant Difference on the Impact of Extended Banking Hours on the Service Delivery of Selected Commercial Banks

Source of Variation	SS	df	MS	F	P- Value	F Critical Value
Between Groups	11.74856	7	1.6783657153957	109.89178634998	13.7836E-80	3.9033665
Within Groups	2.32148	152	0.015272895			
Total	14.07004	159				

Based on the computed results, the finding inferred that due to the various perception of the respondents on the service delivery of selected commercial banks, the variables such as reliability, assurance, empathy, tangibility and responsiveness had a varying significance on the Implementation of Extended Banking Hours on the Service Delivery of Selected Commercial Banks, which resulted to the rejection of the null hypothesis which is there is no significant difference on the impact of extended banking hours on the service delivery of selected commercial banks on reliability, assurance, empathy, tangibility and responsiveness.

3. Problems Encountered by the Respondents on the Implementation of Extended Banking Hours on Selected Commercial Banks

Table 8: Problems Encountered by the Respondents on the Implementation of Extended Banking Hours on Selected Commercial Banks

PROBLEMS ENCOUNTERED	BDO		CHINA BANK		BPI		ROBINSONS BANK	
	WM	VI	WM	VI	WM	VI	WM	VI
1. The shortage in manpower like bank tellers	3.11	Concern	3.23	Concern	3.20	Concern	3.36	Concern
2. The slow transaction services.	3.41	Concern	3.00	Concern	3.13	Concern	3.41	Concern
3. The low customer retention	3.13	Concern	2.80	Concern	2.90	Concern	2.75	Concern
4. The often network connectivity breakdown.	3.24	Concern	2.86	Concern	3.19	Concern	3.01	Concern
5. The crowded lobby.	3.37	Concern	3.13	Concern	3.22	Concern	2.85	Concern
6. The frequent offline ATM services.	3.39	Concern	2.96	Concern	3.29	Concern	3.16	Concern

7. The long queue or waiting hours to be entertained	3.53	Highly Concern	3.16	Concern	3.25	Concern	2.86	Concern
8. The security breaches	3.45	Concern	2.95	Concern	3.20	Concern	2.95	Concern
OVERALL MEAN	3.33	Concern	3.01	Concern	3.17	Concern	3.04	Concern

The overall mean of four selected commercial banks with their problem encountered by the respondents. All the selected commercial banks posted concern on problems. BDO with a weighted mean of 3.33, BPI with a weighted mean of 3.17, Robinsons Bank with a weighted mean of 3.04 and lastly the China Bank with a weighted mean of 3.01, posted concern on the problems encountered by the respondents. Among the eight possible problems in terms of implementing of Extended Banking Hours, the three topmost problems that might encounter based on the overall mean are long queue, shortage in manpower and slow transaction services.

Clients as well as banks' employees has various concerns that they encountered in their selected commercial banks, it shows that even if the banks provide a good service delivery in attending clients needs, there are still various problems that their clients experienced when making their transactions.

5. CONCLUSION AND RECOMMENDATIONS

This study assessed the impact of extended banking hours on the service delivery of selected commercial banks.

The result of this study indicates that the five variables namely reliability, assurance, empathy, tangibility, and responsiveness played a vital role in assessing the study. Thus, there is a significant difference determine in the given variables on the assessment of respondents on the impact of extended banking hours on the service delivery of selected commercial banks.

In terms of eight (8) problems encountered, the three topmost problems that extending banking hours might come across are long queue, shortage in manpower and slow transaction services. It is recommended that the selected commercial banks should adopt a platform or invest in advance technologies that will help the banks to enhance their service delivery and can provide more complex tasks to their clients.

Adopting the digital economy or the new economy is the process that we associate with the internet. In the past 20 years, the Internet has become popular for business operations, and all these traditional businesses are adapting to the new economy or digital economy. Technology has changed the way our banks connect to mobile phones, but after ten years, the daily banking experience can be completely virtualized. In addition, the banking sector is now digitizing meaning the people want immediate responses, and stronger commerce connections, so expecting banking to stay the same isn't possible because ultimately, it must shift to the digital economy. Part of the shift is around trust, and the use of banks. Moreover, the previous bank was very simple, and it was a safe place to deposit money. But in the end, as customers maximize their demand for the banking system, they need to deploy technology to meet the demand and innovate their service.

Due to the COVID-19 pandemic, the entire world is now facing a terrible situation. Based on the findings of the study, service hours of selected commercial banks have to be extended since the demand of the people who need banking services even there is a technological advancement increase, whereas there's still a client who prefers to have a face-to-face interaction with the teller, and they prefer the traditional banking services because they believe that going to the bank itself will feel them that their transaction is more secure than using digital and not all the people are a tech savvy. Furthermore, going to the bank is easy because they only need to wait for the teller to make the transaction. In addition, the

selected commercial bank can accommodate more customers and can also minimize the number of customers who conduct transactions with the selected commercial bank at the same time.

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IMPACT OF DIGITAL BANKING ON SELECTED FILIPINO ELDERLY DEPOSITORS

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Abstract

The objective of this study is to determine the impact of digital banking on selected Filipino elderly depositors. It will explain how digital banking impacted the elderly Filipino depositors. This is only limited to the selected elderly Filipino depositors in selected Philippine commercial banks. Frequency Count and Percentage, where it was used to describe the profile of the respondents. Weighted mean to determine the average response of the respondents on the considered indicators in the research study using a five (5) point scale Likert- scale for the interpretation wherein 5 as strongly agree, 4 as agree, 3 as moderately agree, 2 as disagree and 1 as strongly disagree. One Way Analysis of Variance (ANOVA) is also used in testing the null hypothesis of no significant difference. Researcher's made questionnaire is used as the survey tool in this paper. Significant differences were determined on the impact of digital banking on selected Filipino elderly depositors in terms of ease of use, privacy and security, service quality, diverse features, and reliability wherein it indicates a varying degree of significance on the impact of digital banking. Security and identity theft is also one of the main problems that concerning by the users. There were still significant barriers and concerns that make it difficult in creating an accessible banking experience for customers.

Keywords: digital banking, Filipino, elderly depositors

1. INTRODUCTION

Most of the banks in the Philippines offer Digital banking for more convenient and easier transaction, but not all the citizen where able to adapt the new way of banking especially the elders who were more use to traditional banking transaction.

Digital banking is an online activities and programs services that were historically were only available to customers when physically inside of a bank branch. When the Digital banking where first introduce lot of country were able to adapt that give them a massive success to their market. The importance of Digital Banking offers convenience for both the banks and its customers. While the customers can save time and hassle through digital banking transaction that can be conducted online. The digital banking services can make elders more prosperous and enjoyable, including by enabling banking and other use of financial services from home.

This study aims to know the impact of the digital banking on the selected Filipino elderly depositors. There are lots of advantages that modernization brings to the world, but on the other hand it still in the form of development and still can have issues and disadvantages. This study provides information on how this digital banking affects the financial transactions of the elderly citizens.

2. RELATED LITERATURE

Using digital banking is not only about modernization and high technology, it can be the definition of convenience to all the account holders. It is supported by (Khrais, 2017) wherein convenience is one of advantages of using the digital banking. It increases the comfort for the users and they can save their time and effort by using this advanced technology due to the availability of the automated system 24 hours a day and seven days.

(Barquin, 2015) conducted a study about the digital banking in Asia and what customers really want. Across the Asia's customers that use digital banking were estimated to be more than 700 million, with significant portion in fast-growing countries like China and India. The research shows that in developed Asia, four attributes are more important to customers than the quality of digital channels: the quality of basic services, the strength of the financial products, brand reputation, and the quality of customer service and experience.

In this digital environment, the elderly's concerns and needs as technology users differ from other groups because of natural changes linked with aging. Most scholars define the elderly as individuals aged 50 and above. As argued by Mallenius, Rossi and Tuunainen, ageing varies with individuals, there are 60-year-old people who wrestle with their daily routine while there are energetic and sharp elderly aged over 80.

According to (Msweli & Mawela, 2020), the elderly is having a hard time to adapt technologies like mobile banking. Also, the relationship with technology of the elders might be way different compared to young people, due to the time that they grew up wherein absence of technology occurs, and they have less contact with these innovations.

As per (Melamedov, 2020), older people are now into digital banking for it brings convenience to these people especially during these times, crisis. Due to the safety measures, most of the elder people are into digital banking to avoid risking their health.

2.1 Conceptual Framework

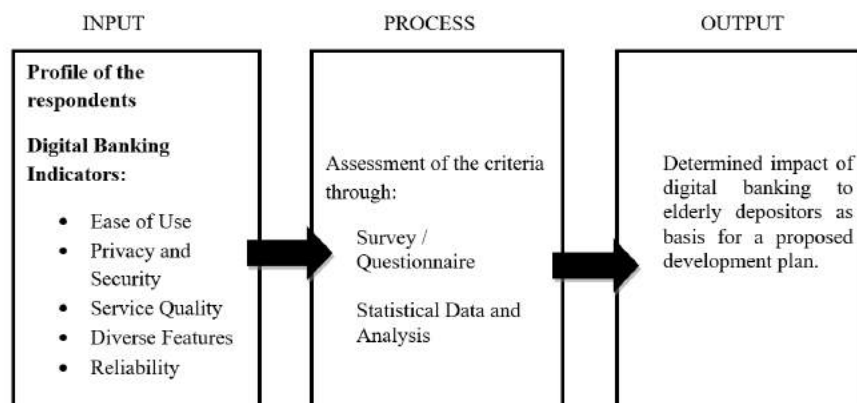


Figure 1: Conceptualized Paradigm of the Study

The study entitled “Impact of Digital Banking on Selected Filipino Elderly Depositors” is based on the Input-Process-Output (IPO) approach.

The input focus on two sets of intervening variables, namely the profile of the respondents such as (1) age, (2) gender, (3) educational attainment (4) frequency usage on digital banking (5) type of bank account. The processes are focused on the assessment of the criteria through online survey / questionnaire and statistical data and analysis. As an end result, the expected output of this study is to determined impact of digital banking to the elderly depositors and proposed development plan.

3. METHODOLOGY

The study used descriptive-survey method and quantitative approach for data gathering. The method of data collection was through the use of survey questionnaire to assess the respondents and to generate quantitative data. In order to answer the presented problems in the study, the following statistical tools are used: frequency count and percentage is used to describe the profile of the respondents, weighted mean is employed to analyse the impact of on selected Filipino elderly depositors, one way analysis of variance is used to test the differences to the impact of digital banking when the respondents are grouped according to their age and Likert scale is used to interpret and further analyse the quantitative results. The computed F-values are interpreted based of the following scale: 4.21 – 5.00 Strongly Agree, 3.41 – 4.20 Agree, 2.61 – 3.40 Moderately Agree, 1.81 – 2.60 Disagree. In using the ANOVA (one way analysis of variance), the researchers used the following formula:

Source of Variation	Sum of Squares	Degrees of Freedom	Mean Squares (MS)	F
Within	$SSW = \sum_{j=1}^k \sum_{i=1}^l (x - \bar{x}_j)^2$	$df_w = k - 1$	$MSW = \frac{SSW}{df_w}$	$F = \frac{MSB}{MSW}$
Between	$SSB = \sum_{j=1}^k (\bar{x}_j - \bar{x})^2$	$df_b = n - k$	$MSB = \frac{SSB}{df_b}$	
Total	$SST = \sum_{j=1}^n (\bar{x}_j - \bar{x})^2$	$df_t = n - 1$		

4. RESULTS AND DISCUSSION

Table 1. Profile of the Respondents

Profile Variables	Frequency	%
<u>Gender</u>		
Male	21	35%
Female	39	65%
<u>Age</u>		
60 – 65 years old	42	70%
66 – 70 years old	13	22%
71 – 75 years old	2	3%
76 – 80 years old	1	2%
81 years old and above	2	3%
<u>Educational Attainment</u>		
Graduate Studies	13	22%
College Graduate	25	42%
College Level	5	8%
High School Graduates	17	28%

<u>Frequency Usage on Digital Banking</u>		
Once per month	27	45%
Twice per month	15	25%
Thrice per month	7	12%
Four times per month	1	2%
Five times per month	4	7%
More than five times per month	5	10%
<u>Name of Banks</u>		
Security Bank	17	28%
RCBC	22	37%
Metrobank	21	35%
<u>Types of Account</u>		
Savings Account	37	62%
Current Account	23	38%

As shown in table 1, 35% of the respondents were male and 65% were female.

In terms of age, the respondents are distributed into five groups. 3% belonged to 81 years of age and above representing the oldest group of the respondents, 2% are 79 - 80 years age group, 70% for 60 – 65 the youngest age group. 22% are 66 – 70 years of age group, and 3% are 71 – 45 years.

Majority of the respondents 42% were college graduate. The portion of 22% have master's degree, and 8% were at college level. Lastly, 28% were high school graduate as their highest educational attainment.

With regards to the frequency usage on digital banking, 40% were using it once per month, 25% were using it twice per month, 12% of respondents were using it thrice per month, 2% were using it four times per month, 7% were using it five times per month, and 10% were using it more than five times per month.

35% of the respondents are registered in Metro bank, 37% are registered in RCBC, and 28% are registered in Security Bank. Additionally, 62% of the respondents have savings account while 38% have checking account.

Table 2: Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors in terms of Ease of Use.

Indicators	Weighted Mean	Verbal Interpretation
1. I save a lot of time when using digital banking for my financial transactions.	4.40	Strongly Agree
2. I find it hassle since I am not familiar on using smartphone to access my digital banking.	2.20	Disagree
3. I am having trouble making bank transaction using digital banking since I find it complicated and confusing.	2.42	Disagree
4. It is easier to use digital banking because it has step-by-step tutorial.	3.77	Agree
5. I am having trouble in digital banking since I am used to do my transactions personally on physical bank.	1.95	Disagree
Overall Mean	2.95	Moderately Agree

As shown in table 2, in terms of ease of use, the respondents posted strongly agree rating with a weighted mean of 4.40 on the indicator that they save a lot of time when using digital banking for their financial

transactions. On the other hand, the respondents agreed that it is easier for them to use digital banking since it has step-by-step tutorial with 3.77 weighted mean. The respondents disagree that they are having trouble making bank transaction using digital banking since they find it complicated, confusing, and they are more used in doing physical or over-the-counter bank transaction with 2.42 weighted mean and 1.95 mean. Respondents posted disagree that they find it hassle to use digital banking since they are not familiar on using smartphone with 2.20 weighted mean.

With the overall mean at 2.95, it indicates that the elderly depositors moderately agree that they have experienced an ease of use in digital banking.

Table 3: Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors in terms of Privacy and Security.

Indicators	WM	Verbal Interpretation
1. I feel at ease knowing the bank have security features that requires biometrics (e.g., fingerprint, face recognition) of the account holders or MPIN before it finally log-in.	4.02	Agree
2. I can verify that I am the only one who can make bank transactions because I receive verification code and email in order to make transactions successful.	4.25	Strongly Agree
3. I am aware of possible security threats to my account as I receive Notifications if there are suspicious logins and transactions in my account.	4.30	Strongly Agree
4. I am uncomfortable on using digital banking because of the issues reported about security threats.	2.42	Disagree
5. I do not feel secured since my personal information are available online and it might get hacked.	2.48	Disagree
Overall Mean	3.49	Agree

As posted in table 3, in terms of privacy and security, the respondents are strongly agreed that they are aware of the security on their account since they are receiving notifications if there are suspicious logins and transactions in their account with 4.30 weighted mean. They are also strongly agreed that they are able to verify that they are the only ones who can make transactions in their account with the weighted mean of 4.25. Additionally, respondents feel at ease knowing that the bank have security features that requires biometrics (e.g., fingerprint, face recognition) of the account holders or MPIN before it finally log-in with 4.02 weighted mean. On the other hand, respondents are disagreed that they do not feel secured since their personal information might be available online with the weighted mean of 2.48 and they also feel uncomfortable on using digital banking because of the issues reported about security threats with 2.42 weighted mean.

The overall mean 3.49 shows that the respondents agree to the privacy and security offered by digital banking.

Table 4: Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors in terms of Service Quality.

Indicators	WM	Verbal Interpretation
1. I find it easy to enroll in digital banking since there is a step-by-step tutorial provided by the bank on how to use it.	3.58	Agree
2. I am free to ask my queries anytime as digital banking has an automated system that can assist me on processing my transactions.	3.37	Moderately Agree
3. Customer services are responsive to my online queries.	2.90	Moderately Agree

4. I am receiving poor quality of service due to the unresponsive agent assigned by the bank.	2.90	Moderately Agree
5. It takes too long to process my transactions and concerns due to the unresponsiveness of assigned agents.	3.10	Moderately Agree
Overall Mean	3.17	Moderately Agree

Table 4 shows that in terms of service quality, the respondents posted agree in one of the indicators that they find it easy to enrol in digital banking since there is a step-by-step tutorial provided by the bank on how to use it with weighted mean of 3.58. The respondents posted moderately agree in four indicators that through service quality they are free to ask queries anytime as digital banking has an automated system that can assist them on processing their transactions with weighted mean of 3.37, the customer moderately agree that the services are responsive to online queries with 2.90 of weighted mean. They are also moderately agreed that they are receiving poor quality of service due to the unresponsive agent assigned by the bank with the weighted mean of 2.90, they also posted moderately agree that it takes too long to process the transactions and concerns due to unresponsiveness of assigned employee with 3.10 of weighted mean.

The overall mean of 3.17 shows that the respondents are moderately agree to the service quality offered by digital banking.

Table 5: Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors in terms of Diverse Features.

Indicators	WM	Verbal Interpretation
1. Digital banking brings me convenience since it has set up online payments and direct deposit.	4.17	Agree
2. It can transfer funds from one account to another or make deposits that saves a lot of my time and money.	4.18	Agree
3. I find it easy to monitor my financial transactions since I can view or print my account statements and balances at any time.	4.13	Agree
4. I cannot proceed with my bank transaction because they are missing a feature that I need.	2.83	Moderately Agree
5. I find it complicated to use digital banking since it has a lot of features that I do not understand.	2.65	Moderately Agree
Overall Mean	3.59	Agree

As shown in table 5, the respondents posted agree in three indicators that diverse features of digital banking bring convenience since it has a set up online payment and direct deposit, saves a lot of time and money, and easy to monitor financial transactions since it can view account statement and balance any time with 4.17, 4.18, 4.13 weighted mean respectively. The respondents posted moderately agree in two indicators that through diverse features of digital banking they cannot proceed with their bank transactions if they are missing feature that needed with 2.83 of weighted mean, and it is complicated to use since it has a lot of features that they are struggling to understand with 2.65 of weighted mean.

The overall mean 3.59 shows that the respondents are agree that the diverse features offered by digital banking has an impact to them.

Table 6: Respondent's Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors in terms of Reliability.

Indicators	WM	Verbal Interpretation
1. I experience difficulties whenever the digital bank's server is down because I cannot access my account.	3.83	Agree
2. I find it hard to complete my financial transactions due to problems and issues on my digital banking application.	3.58	Agree
3. I find digital banking reliable since I can access it and do my financial transactions 24/7.	4.27	Strongly Agree
4. I have a positive review in using digital banking as it has a good reputation and image.	3.72	Agree
5. I find digital banking as not reliable to use for bank transactions when it has system issues.	3.55	Agree
Overall Mean	3.79	Agree

In terms of reliability presented in table 6, elderly depositors responded strongly agree rating on the indicator that they find digital banking reliable since they can access their financial transactions 24/7 with a 4.27 weighted mean. Another, the respondents posted agree ratings on indicators such they have a positive review in using digital banking because of its good reputation and image with weighted mean of 3.72. And find digital banking as not reliable to use for bank transactions because of the issues in the system with 3.55 weighted mean.

However, the respondents posted agree ratings on two indicators like they experience difficulties whenever the digital bank's server is down with 3.83 weighted mean. And hard to complete financial transactions due to problems and issues on their digital banking application with 3.58 weighted mean.

The overall mean of 3.93 implies that elderly depositors are agree on the indicator that there is a perceived reliability in using digital banking.

Table 7: One Way Analysis of Variance (ANOVA) Results on Significant Difference of Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors when grouped according to Age.

VARIABLE INDICATORS	Overall Mean	Computed F-value	Verbal Interpretation
1. Ease of Use	2.95	1.045	Not Significant
2. Privacy and Security	3.49	1.049	Not Significant
3. Service Quality	3.17	0.046	Not Significant
4. Diverse Features	3.59	0.746	Not Significant
5. Reliability	3.79	0.615	Not Significant
df= 55		critical value at $\alpha.05 = 2.54$	

In terms of Age that is shown in the above table, significant differences are not observed on the impact of digital banking to the selected elderly Filipino depositors. The computed F-values on the variables are: Ease of Use-1.045, Privacy and Security-1.049, Service Quality 0.046, Diverse Features-0.746 and Reliability-0.615. All of the F-values are less than its critical value of 2.54 with 55 degrees of freedom at 0.05 level of confidence that accepted the null hypothesis of no significant differences.

The findings concluded that the age of respondent has nothing to do with their usage of digital banking in terms of the said variables. Elderly depositors are also into use of digital banking just like the other depositors.

Table 8: One Way Analysis of Variance (ANOVA) Results on Significant Difference of Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors when grouped according to Gender.

VARIABLE INDICATORS	Overall Mean	Computed F-value	Verbal Interpretation
1. Ease of Use	2.95	1.29	Not Significant
2. Privacy and Security	3.49	0.19	Not Significant
3. Service Quality	3.17	0.22	Not Significant
4. Diverse Features	3.59	0.10	Not Significant
5. Reliability	3.79	0.38	Not Significant
df= 55		critical value at $\alpha.05 = 2.54$	

In terms of Gender that is shown in the above table, significant differences are not observed on the impact of digital banking to the selected elderly Filipino depositors. The computed F-values on the variables are: Ease of Use-1.29, Privacy and Security- 0.19, Service Quality 0.22, Diverse Features-0.10 and Reliability- 0.38. All of the F-values are less than its critical value of 2.54 with 55 degrees of freedom at 0.05 level of confidence that accepted the null hypothesis of no significant differences.

The results showed that the gender of respondents has nothing to do with their usage of digital banking in terms of the said variables. Elderly depositors are also into use of digital banking just like the other depositors.

Table 9: One Way Analysis of Variance (ANOVA) Results on Significant Difference of Respondents' Assessment of Respondents on the Impact of Digital Banking on Selected Filipino Elderly Depositors when grouped according to Educational Attainment.

VARIABLE INDICATORS	Overall Mean	Computed F-value	Verbal Interpretation
1. Ease of Use	2.95	2.28	Not Significant
2. Privacy and Security	3.49	0.94	Not Significant
3. Service Quality	3.17	2.27	Not Significant
4. Diverse Features	3.59	4.14	Significant
5. Reliability	3.79	3.42	Significant
df= 59		critical value at $\alpha.05 = 2.54$	

The table above shows that there is no significant difference in three variables on educational attainment and the impact of digital banking to the respondents. The three computed F-values are less than its critical value of 2.54 with the degree of freedom of 59 and 0.05 level of confidence: Ease of Use 2.28, Privacy and Security 0.94, Service Quality 2.27. The other two variables were interpreted as significant which are Diverse Features and Reliability with the F-values of 4.14 and 3.42.

The results claimed that educational attainment has significant differences in the Diverse Features and Reliability of using digital banking. Also, Ease of Use, Privacy and Security and Service Quality are insignificant. The educational attainment of the respondents has an impact on their usage of digital banking on its some features.

Table 10: One Way Analysis of Variance (ANOVA) Results on Significant Difference of Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors when grouped according to Frequency Usage on Digital Banking.

VARIABLE INDICATORS	Overall Mean	Computed F-value	Verbal Interpretation
1. Ease of Use	2.95	2.68	Significant
2. Privacy and Security	3.49	2.82	Significant
3. Service Quality	3.17	2.14	Not Significant
4. Diverse Features	3.59	2.62	Significant
5. Reliability	3.79	2.92	Significant
df= 59		critical value at $\alpha.05 = 2.54$	

Table 10 shows that four of the indicators were interpreted as significant which means that the computed F-values are more than the 2.55 value with the degree of freedom of 59 and 0.05 level of confidence. Values of 2.68 for Ease of Use, 2.82 for Privacy and Security, 2.62 for Diverse Features and 2.92 for Reliability. The only one that is not significant is the Service Quality with the F-value of 2.14.

With the numerical data, the findings conclude that the frequency of usage of the respondents on digital banking has significant difference except on the one variable which is the Service Quality. The frequency of usage of the digital banking varies on the impact of it to the elderly Filipino depositors.

Table 11: One Way Analysis of Variance (ANOVA) Results on Significant Difference of Respondents' Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositors when grouped according to Types of Account.

VARIABLE INDICATORS	Overall Mean	Computed F-value	Verbal Interpretation
1. Ease of Use	2.95	0.18	Not Significant
2. Privacy and Security	3.49	0.21	Not Significant
3. Service Quality	3.17	0.83	Not Significant
4. Diverse Features	3.59	1.21	Not Significant
5. Reliability	3.79	7.75	Significant
df= 59		critical value at $\alpha.05 = 2.54$	

The table above presents that the only indicator that is inferred as significant is the reliability with the F-value of 7.75 and a critical value of 2.54 with the degree of freedom of 55 at 0.05 level of confidence. On the other hand, the four other indicators are regarded as not significant which are the ease of use, privacy and security, service quality, and diverse features with the values of 0.18, 0.21, 0.83, and 1.21 respectively.

The data presumes that the types of account on digital banking has no significant difference except on the one indicator which is the reliability. The types of account on digital banking does not vary on its impact to the elderly Filipino depositors.

Table 12: Assessment of Respondents on the Impact of Digital Banking on Selected Elderly Depositors in terms of Mostly Concerned Problems Encountered in using Digital Banking.

Problems	WM	Verbal Interpretation
1. Technology and Service Interruptions	3.63	Concern
2. Security and Identity Theft Concerns	3.92	Concern
3. Limitations on Deposits	3.20	Moderately Concern
4. Lack of Personal Banker Relationship	3.40	Moderately Concern
5. Limited Scope of Services	3.38	Moderately Concern

As shown in table 12, the problems that got the leading scores are Security and Identity Theft Concerns, Technology and Service Interruptions and Lack of Personal Banker Relationship.

The problem with highest weighted mean of 3.92 is that elderly depositors have concerned mostly in its security and identity theft. Next issue that got a weighted mean of 3.63 is when respondents encountered interruptions in technology and service. And a weighted mean of 3.40 lies in the problem of having lack of personal banker relationship in using digital banking.

5. CONCLUSION AND RECOMMENDATIONS

Digital banking plays a vital role in its users however, there are still lot of things that need improvements in order to avoid the problems that may interfere by the customers.

Most of the respondents have agreed that their usage of digital banking has an impact to them in terms of all the given variables which are Ease of Use, Privacy and Security, Service Quality, Diverse Features and Reliability. Reliability has impacted them the most due to the technical issues they have encountered.

Significant Difference on the Respondent's Assessment on the Impact of Digital Banking on Selected Filipino Elderly Depositor is observed in terms of their Educational Attainment, Frequency Usage of Digital Banking and Types of Account and the most concerned problem of the respondents that they have encountered in using digital banking is the Security and Identify Theft.

It is recommended that banks should fix all the bugs and errors in their digital banking system that extremely affects their customers while using the platform. Updating their platform is also advised. They should develop a platform as well wherein it will be a user-friendly to all of their customers regardless of age as well as their educational attainment.

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Towards Employability: Exploring Total Rewards in Thailand Context

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Abstract

Companies today realize that traditional total rewards are no longer effective in attracting and retaining top talent and critical employees necessary to compete in today's global economy. With turbulent working environment, where competition is rife organizations are under pressure to add value and demonstrate flexibility in dealing with new challenges and opportunities. In response to cost pressures, the need to do more with less, companies are reexamining ways to encourage better performance and higher productivity. An organization's reward strategy is recognized as one of the crucial elements in HR that greatly affects the firm's resources for gaining competitive advantage. This study reviews the concept of total reward to identify the 50 components composing of 82 items from recent literature. Exploring the current adoption and satisfaction of reward items under the four categorical dimensions of; Pay, Benefits, Learning and Development, Work Environment. Results from 250 companies listed in the Stock Exchange of Thailand reveals the adoption of all components identified with satisfaction rankings by HR professionals in the following order; Benefits, Work Experience, Pay, Learning and Development. Recommendations under L&D dimension is made for including the development of 'learning how to learn' as a metacognition skill, a key competence for employability.

Keywords: Total rewards, total compensation, remuneration, rewards strategy, learning how to learn, learning and development (L&D)

1. INTRODUCTION

The current labor market is in a state of continual flux with rapid advancement of technology leading to disruption, leaving businesses prone to immediate restructuring, layoffs, and downsizing (Hesketh, 1999; Worrall, Parkes, & Cooper, 2004). On the other hand, employees must maintain their employability to both present and potential employers (Van der Heijde & Van der Heijden, 2006). The changing face of economic conditions, has raised the concern and reawakened attention for securing long-term work. There have been recent up-rising researches on employability which gained interest attesting to its relevance. Where uncertainty is one of the biggest challenges in the current scenario of organization changes, exerting its impacts creating linkages between work and learning. Such pressure forces are leading to constant demand for change in skillsets of today's and tomorrow's future work. Therefore, employability which was thought to be critical for only graduates and the unemployed is becoming crucial for all to deal

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with dynamic changes in the workplace. There is the need for urgency of better understanding on how to work with learners in a non-traditional context. Organizations are changing their learning objectives and educational policies which are now including ‘learning how to learn’ skills and ‘metacognition awareness’ into their national curricula to provide skills that could help people thrive through disruption.

Currently, in Thailand, according to the Employers’ Confederation of Thai Trade and Industry (EconThai). At the first quarter 2021, it was reported that 500,000 graduates entered the job market. However, the figure still has been adding up for the current number of graduates’ unemployment ever since the previous year. Government bodies had led several initiatives in dealing with the situation. One of them is installing ‘learning how to learn’ skills to be part of the national curricula educational programs. Where the Ministry of Education in Thailand has recently adopted ‘learning how to learn’ to be part of future development programs. Hence, universities and organizations are directing their attention towards the implementation into their learning environment is becoming more widespread. However, such implementation has not yet recorded any success that is found in recent literature. Moreover, little research has been done to recommend the ways of learning how to learn methodology for implementation.

In addition, the current situation has various driving forces occurring in all directions. Companies are being driven to reconsider strategies and business models, reframing the ways in which they operate. As total rewards could be used for companies as one of the greatest tools for controlling expenses. However, only few businesses could offer to guarantee its value for money. Total rewards are now facing a great shift for organizations’ strategy to go beyond basic needs of cost containment towards investing in growth. As a result, under the New Normal, it is more important than ever to optimize total rewards in order to minimize costs while also restoring employees’ sense of security. Thus, a recent study on total rewards serves as the foundation for future recommendations for a more effective rewarding approach. This study examines the learning and development dimension in reward practices in regards to the adoption and satisfaction of total rewards by companies in Thailand.

Objective: The aim of the study is to explore the current practice of total rewards by companies, to identify which components proposed reviewed from recent literature are being put to use. Providing a framework model for total rewards to identify all possible components and reward items under the four categorical model of; pay, benefits, learning and development, work environment from relevant empirical evidences. Hence, this study contributes a model of adopted total rewards components, organized into the widely accept four-dimension framework which is regarded as a highly important strategic HRM tool for growing industries in Thailand. For adoption use in order to increase their chances for attraction and retention of desired talents. Optimizing the dimension of learning and development, to demonstrate how learning how to learn could be incorporated, not only for increasing satisfaction (being one of the key competences for employability) but imposing positive impacts on personal development towards the preparation of lifelong learning. As such competence constitutes as necessary for gaining employment and providing support for people to stay in work and advance. Thus, helping companies strive toward to becoming learning organizations.

1.1 Towards Employability

The research on employability have been built on several previous studies over its rich history (Forrier, Verbruggen, and De Cuyper 2015). Where its’ concept has been defined in many different, yet often related ways. When it comes to defining employability, these three authors have been cited the most. Hillage and Pollard (1998) who defines it as “the capability to move self-sufficiently within the labor

market to realize potential through sustainable employment”. Harvey (2001) defines employability as acquiring essential basic skills or attributes that are most desirable by employers. “Employability relates closely to the acquisition of basic key skills which are often referred to as employability skills”. Yorke, M. (2004), refers to these as “a set of achievements – skills, understandings and personal attributes – that makes graduates more likely to gain employment and be successful” (Römgens, Scoupe & Beausaert, 2019). According to Yorke (2006), it is a concept developed within education that focuses on possessing relevant achievements and the ability to function in a job. However, as Dacre Pool & Sewell (2007) supported, it is more than just acquiring a job and focuses on the individual being equipped and ready to perform a job successfully. Furthermore, Rosenburg, Heimler, and Morote (2012) define employability as the basic skills required to perform a job. However, once the individual has acquired employment, this then develops into transferable core proficiencies towards continuous personal and professional growth’ (Taylor, 2016). Moreover, learners who master metacognitive abilities have a better knowledge of how to act in a new learning process, what to study, how much to study, how to check the process, and how to judge oneself after the process to (Akin, 2006). As a result, knowing how to learn are employability competencies necessary for lifelong learning that could lead towards a learning organization.

1.2 Employability & Lifelong Learning

Although, there have been recent discussions on lifelong learning and employability, which have been the focus of various sectors including education and labor market policy (Fejes, 2014). It is undeniable that lifelong learning has become the need for employment in a variety of fields. Lifelong learning is critical, not only in the quest of personal and professional growth, but also in national competitiveness and development. As a result, in the workplace, learning skills towards the development of lifelong learning has progressively become an advantage that sectors want to instill.

Employability, according to Harvey (2001), is defined as the learning of basic essential skills or qualities that are most desired by employers. Many academics all around the world have focused on the notion of employability. Because the idea of competence is so complicated, it has many diverse interpretations in different contexts. Due to the continual fast changes in the professional environment, employability highlights the necessity for the capacity to learn new skills. Furthermore, specific dimensions for knowledge, abilities, and attitudes required for lifelong learning should be included.

In December 2006, the Council and the European Parliament accepted a proposal for recommendation on core competences of lifelong learning. It has a huge impact on reforms and strategic advances in both formal and informal education and training. The suggestion identifies eight important characteristics, with learning to learn explicitly included as one of them.

Overall, employers are more interested in hiring people who can showcase a vast range of competencies required in the workforce, as earlier said, such learning abilities can assist one's professional success.

1.3 Learning How to Learn a Key Competence

Learning how to learn or learning to learn are concepts that have interrelated meanings. According to Hofmann (2008) learning to learn is the most crucial and vital skill for everyone attempting to cope with the quick changing environment. He sees this competence “as a method-in-action and claims that people have to engage the method itself” (Hofmann, 2008, pp. 173). On the other hand, Candy (1990) “describes learning to learn as a competence that allows people to become more effective, flexible and self-organized learners in a variety of contexts” Hofmann (2008, p. 173). This competence is related to the “motivation for learning, learning goals, preferred ways of learning, learning strategies, cooperation with others and so on” (Hoffmann, 2008, pp. 175). It implies that we, learners, become aware of all of these notions and will be able to adjust them as needed. According to European Communities (2007), learners acquiring these skills will be able to not only assimilate new knowledge and new skills but also to:

- learn autonomously,
- be self-disciplined,
- work collaboratively,
- share what they have learnt,
- organize their own learning,
- evaluate their own work,
- seek advice, information and support when appropriate

Moreover, learning how to learn could be described as metacognition awareness. It involves a complex and dynamic interaction of cognitive, metacognitive, motivational, affective, and behavioral processes selected to enhance the probability of reaching a goal for knowledge acquisition or application. Metacognition is the act of thinking about one's own thoughts, it emphasizes a person's knowledge, reflection, and analysis of how they think and learn. Many researchers have articulated the idea of metacognition, and concepts similar to each other have been utilized. Metacognitive awareness is the knowledge and control of an individual's own thinking and learning activities (Kramarski et al., 2002). Schraw and Dennison (1994) described it as individuals' planning, ranking, monitoring, and better-applying ability in a way that will directly boost their performance. According to (Akin, 2006), learners who master metacognitive abilities have a better understanding of how to act in a new learning process, what they should study, how much they should study, how to check the process, and how to assess oneself after the process. Therefore, lifelong learning could derive from learning how to learn, the employability competence required in a learning organization.

Learning in the workplace is critical to a company's success. Real learning, according to Senge (1990), is not just understanding what is necessary to adaptive learning but also what he refers to learning that enhances an individual's ability to generate the results he or she truly desires. Due to the necessity of increased level of performance and growth in in today's continuously changing environment, companies should be concerned about learning. Senge (1990) lists five disciplines that must be mastered at all levels of an organization: 1. Self-mastery - defining one's own vision, focusing energy, and seeing reality. 2. Combining individual visions to form a single vision. 3. Mental models - figuring out what mental pictures or models are and how they affect behavior. 4. Be able to create conversations and defer judgements in group settings. 5. Systems thinking - combining the four learning disciplines in order to comprehend the whole picture rather than simply the parts (Senge, 1990).

As a result, the concept of a learning organization aims to create a more human and participative work environment which fosters flexibility and innovation, both of which are required for success in today's

fast-changing business environment (Amini et al., 2014). Thus, learning organizations are visionary and forward-thinking. They have internal benchmarks that are anchored in the future they wish to create. Instead of rejecting change, they embrace it as an opportunity to learn and develop. By having workers that are capable of learning to learn, tailoring their own learning and requirements while being aware of choices and strategies for selective application. Moreover, learning must be encouraged and developed in order to create innovation and creativity for adapting quickly to global competitiveness (Millett 1998).

1.4 What do High Performing Companies Have or Do?

According to the Harvard Business Review (2008), as the forces of economic transformation intensifies, organizations will be required to learn more than ever before. Every company should strive to become a learning organization. This is because companies with individuals' capabilities of learning will be able to familiarize with new ideas would react quickly to future unpredictability faster than competitors (HBR, 2018). Companies' ability to learn is connected the capacity for change and continuous development for handling challenges in the new operating environment (Armstrong & Foley, 2003; Senge, 1990). They will be able to keep up with changes and developments in the business environment and continue to operate successfully. Hence, organizational innovation and performance have been linked to the concept of a learning (Power & Waddell, 2004; Watkins & Marsick, 1993; 1999). As supported by the McKinsey 7-S Framework which provides systems view for describing the major differences between a traditional view of an organization and a learning organization as in Table 1 (Hitt 1995).

Table 1. Eight Characteristics of Traditional Organization Vs Learning Organization.

Element	Traditional Organization	Learning Organization
Shared Values	Efficiency, Effectiveness	Excellence, Organizational Renewal
Management Style	Control	Facilitator, Coach
Strategy/Action Plan	A top-down approach, Road map	Everyone is consulted, Learning map
Structure	Hierarchy	Flat structure Dynamic networks
Staff Characteristics	People who know (experts) Knowledge is power	People who learn Mistakes tolerated as part of learning
Distinctive Staff Skills	Adaptive learning	Generative learning
Measurement System	Financial measures	Both financial and non-financial measures
Teams	Working groups Departmental boundaries	Cross-functional teams

At the individual level, it can be seen that, learning organization have 'people who learn', 'but how to do that? By learning how to learn'. As a result, the value of organizational learning has a number of advantages, including higher employee job satisfaction, decreased turnover rates, increased productivity, profitability, and efficiency, the development of leaders at all levels, and better adaptability throughout the company.

Moreover, according to Aon Hewitt's analysis, a recent study uncovered the overall incentive programs of 150 high-performing firms. High performing firms are defined as those that reported the highest levels of innovation, employee engagement, and revenue when compared to other companies. According to their findings, these high-performing organizations execute the following things differently when it comes to implementation of total rewards. High-performing organizations establish clear strategies and objectives, they have nearly twice the clarity of focus than the rest of other companies studied. Secondly, they make judgments based on facts, statistics, and information and collect market data to evaluate their programs' competitiveness in comparison to all other companies. Moreover, they collect data on expenses and employees' input. Finally, they relate overall total rewards programs to the company and its employees. These high-performing organizations have discovered that their programs are aligned with work and learning culture.

Research suggests that employees are engaged in learning in the workplace. Studies have shown that employees would stay with a company that invests in learning and development. LinkedIn's 2019 Workplace Learning Report, confirms this. They report a whopping 94% that said they would stay with a company that invests in their learning and development (BasuMallick, 2020). The following are a few examples of successful companies that value employee development:

- “Unilever”, encourages workers to write mission statements, imagining what they want from the firm, and assisting them in mapping out how to get there.
- “Pepsico”, focuses on rewarding employees not on pay but instead on learning development and career progress.
- “Deloitte”, understands the importance of employee engagement and appreciation. They focus on career development and education.

According to Deloitte's poll on the ‘top human capital trend in 2019’, 86% of respondents agrees that an increasing in learning and development capabilities are "important" or "very important". However, only 10% of HR professionals believe they are “very ready” to address learning and development, according to the vast majority of HR professionals (BasuMallick, 2020).

2. LITERATURE REVIEW

To provide the foundation for understanding total reward, the purpose of this section is to define and develop the research framework for total reward. Theoretical perspectives on theories of motivation and total rewards are presented in chronological order. An exploration on the current literature is made presenting reviews on the theories of motivation. Next, definitions on the concept of total rewards are revised from empirical studies. Theoretical frameworks and conceptual models are reviewed to identify components and adopted terms for reward items. Lastly, summarizing the components derived from the frameworks and models to be categorized into the widely accepted four categories of; pay, benefits, learning and development, work environment.

2.1 Theories of Motivation

Since the 1960's, psychologists starting with Abraham Maslow and others mentioned that intangible rewards are equally important to individuals' intrinsic needs regarding of sense of worth. Therefore, the theoretical basis of total reward includes Maslow's (1943) hierarchy of needs theory, proposing that motivation is a function of five basic needs where an individual's psychological needs must first be met followed by safety needs, and so on. Frederick Herzberg's (1955) two-factor theory, divided job-related factors into hygiene factors and motivators, which states that job satisfaction and discontent are affected by different variables. Vroom's (1964) expectancy theory purports that one's level of motivation depends on the attractiveness of rewards sought and the probability of obtaining those rewards. Adam's (1965) equity theory holds that employees should exert greater work effort if they have reason to expect that it will result in a reward they value. In comparison to others, the equity theory of motivation presupposes a balance of employee inputs and outcomes. Lastly, Alderfer's (1969) ERG theory of motivation, assumes that people have three types of needs; existence, relatedness, and growth. Overall, according to Nazir et al. (2012) he argues that Maslow (1943) stated only unsatisfied needs motivate further action as this creates disequilibrium and that Adams (1965) negates the notion and conduce the idea of equitable rewards where according to hem people can be motivated only if they are treated in an equitable manner (Nazir et al., 20112). Despite the criticism on total rewards, it is evident from empirical research that numerous studies have highlight the effectiveness of reward schemes in weighing the employees' performance.

2.2 Foundation of Total Rewards

Adam Smith (1776) was the first person to make effective reference to total rewards. He identified five components of what he called 'total new advantage' besides pay: namely: 1) "Agreeableness or disagreeableness of work", which is the suitability of the amount of work of dedicated task to specific positions. 2) "Difficulty and expense of learning it", is the opportunity to learn and develop new skills. 3) "Job security" which is confidence in the stability of the job employee holds. 4) "Responsibility" or clarity in job roles or dedicated tasks of the employees. 5) "Possibility of success or failure", which is defined as the opportunity for career development (Armstrong, 2010, pp. 108). The next person to write about total reward after Adam Smith was Sandra O'Neal (1998). She commented that the definition of total rewards must consider all the aspects of the work experience that are of value to employees. According to O'Neal (1998), it "embraces everything that employees' value in the employment relationship" (O'Neal, 1998, pp. 25). Total rewards begin with total remuneration, a subset, which comprises of all the elements of rewards that can be valued in monetary terms. Francis Fernandes (1998) describes total reward similarly to O'Neal as, "the sum of the values each element of an employee's reward package" (Fernandes, 1998, pp. 2). He separates the value principle of rewards into two categories; at the employers' cost 'value to the employer', and; upon the employees' perceive value 'value for employees' (Fernandes, 1998, pp. 4). According to Fernandes (1998), "the total rewards approach recognizes that it is necessary to get financial rewards rights but it also appreciates the importance of providing people with rewarding experiences" (Fernandes, 1998, pp. 10). Despite the difficulties in its practice, total rewards will become increasing important. He argues that in order to be align with the global competitive benchmarking scale, adjustments to total rewards' values are needed to be made to reflect the cost of living in different countries and suitable to organization resources. Overall,

in his study of total rewards from an actuarial perspective, he observed that over the past years the employment relationship has undergone tremendous transformation (Fernandes, 1998).

2.3 Definitions of Total Rewards

Total reward can be defined in a variety of different ways. According to Armstrong (2001), it incorporates extra components such as learning and development, as well as all aspects of the working environment, into the benefits package (Armstrong & Brown, 2001). Thompson (2002) noted that, it encompasses not only traditional elements of compensation such as basic salary, variable pay, and benefits, but also 'non-financial' components such as the opportunity to achieve and exercise responsibility, career opportunities, learning and development, and other intrinsic motivation rewards such as work itself and the quality of work-life balance (Armstrong & Thompson, 2002). Manus and Graham (2003) defines it to encompass all forms of incentives, both direct and indirect, intrinsic and extrinsic, and to consider each component of reward as an integrated and cohesive whole (Armstrong & Brown, 2010). According to Kantor and Kao (2004), it is everything an employee receives as a result of working for the company, bringing together the benefits package to include elements such as learning and development, as well as features of the work environment (Armstrong, 2010). Overall, the definition of total rewards could be summarized as "all the intrinsic and extrinsic rewards that are provided to the employee in exchange for their contribution to the company in hopes to attraction and retain them". Table 2 summarizes various definition from the current literature (Armstrong, 2010).

Table 2. Definitions of Total Rewards by Various Researchers.

O'Neal (1998)	"...embraces everything that employees' value in the work relationship. It attempts to encompass the entire employee value proposition, including but not limited to pay".
Thompson (2002)	"...encompass not only traditional, quantifiable elements like salary, variable pay, and benefits, but also more intangible non-cash elects such as scope to achieve and exercise responsibility, career opportunities, learning and development, and the intrinsic motivation provided by the work itself".
Manus & Graham (2003)	"...includes all types of rewards-indirect as well as direct, and intrinsic. Each aspect of reward namely base pay, contingent pay, employee benefits and non-financial rewards, which intrinsic rewards from the work itself, are linked together and treated as an integrated coherent whole".
Kantor & Kao	"...encompass everything "an employee gets as a result of working for the company, ...conveying the total value of the work experience is always more compelling to employees." "
Armstrong & Stephens (2005)	"Total rewards combine the transactional rewards and the relational rewards that are associated with the work environment and learning and development".
CIPD (2005)	"...the typical founding component of total rewards which enacts as levers for employers to motivate, engage and retain staff composes of four basic components; financial reward, benefits, learning and development and the working environment".
WorldatWork (2006)	"...all of the tools available to the employer that is used to attract, motivate and retain employees and includes everything the employee perceives to be of value resulting from the employment relationship".

In summary, total rewards definitions generally include both traditional, quantitative aspects as well as more intangible non-cash elements. As a result, it may be defined as the sum of all financial and non-financial benefits that a business provides to its workers.

2.4 Total Rewards Conceptual Frameworks & Models

Armstrong & Brown (2001) found principle of total rewards to be made up of ‘fixed’ and ‘variable pay’, which forms the bases of financial rewards, combined together with ‘employee benefits’, ‘total remuneration’. In addition, the non-financial rewards such as recognition, praise, achievement, responsibility, and personal growth comprised tougher as the total reward system. Moreover, total rewards, total compensation, or compensation and benefits describe the collective strategies deployed by companies to attract, motivate and retain talent needed to be successful. It is a strategy that provides specific direction for the organization to develop policy and design reward programs which ensure performance outcomes and support the achievement of business goals (Armstrong, 2002). The conceptualizing approach has evolved from its concept of pay, compensation, total compensation and total rewards. The concept of total reward combines the impact of the two major categories of reward and its components illustrated in Figure 1.

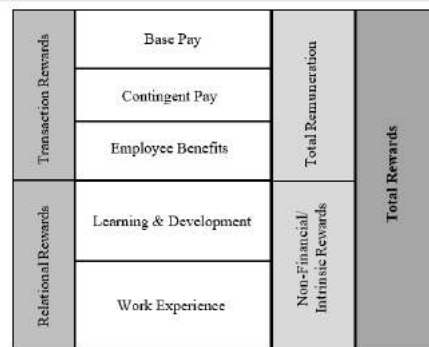


Figure 1: Armsrtong (2006) Total Rewards Adopted Terms & Components (Source, Armstrong, 2006).

Armstrong total rewards model (2006) is a combination of two major categories of rewards transactional and relational rewards. In his framework he identifies four components of reward into ‘individual (pay and learning and development) and ‘communal’ (benefits and working environment). In his model pay and benefits represents transactional rewards which are financial and extrinsic in nature and are essential in recruiting and retention. On the other hand, relational rewards are non-financial and enhance the value of transactional rewards. Relational rewards bind employees more strongly to the organization. Thus, this type of reward can serve as differentiator in recruitment since it is much harder to replicate.

Towers Perrin (2007) total reward model is the most current widely accepted model. It consists of a matrix with four quadrants in the integration of four major categories of total rewards; compensation, benefits, development and work environment. The upper two quadrants-pay and benefits-represents transactional or tangible rewards. These includes base salary, variable pay, bonuses, health insurance, paid time off, retirement benefits, life insurance, and disability coverage. On the contrary the relational or intangible non-financial rewards represented in the lower two quadrants. Including; learning and

development, and performance management, and work environment that encompasses organizational core values such as leadership, employee voice, job and work design (Armstrong & Brown, 2006).



Figure 2. Model of total rewards: Towers Perrin (Source: Armstrong, 2002, pp. 400)

On the other hand, according to WorldatWork (2000), there are four elements of total rewards (fixed pay, variable pay, short-term incentive, long-term incentive) each of which includes programs, practices, elements and dimension that are collectively define as an organization’s strategy to attract, motivate, and retain employees. However due to the emerging factors, generalists agreed that the model cannot be fully effective unless compensation and benefits are part of an integrated strategy of other programs and practices to attract, motivate and retain top talent. Overall, WorldatWork (2001-2005) total rewards strategy is based on five elements; Compensation (fixed pay and other variable pay. Benefits (retirement and health care), Work life (workplace flexibility, paid and unpaid leave). Performance (performance planned, and review). Recognition (recognition in the form of rewards). Career opportunities (learning opportunities and development). which are presented in Figure 3.



Figure 3. WorldatWork (2006) Total Rewards Model (Source: WorldatWork, 2006).

WorldatWork's Total Rewards Model, which is a complete model that encompasses all terrain aspects of a normal rewards environment, has undergone a transformation. WorldatWork's Total Rewards Model has long aided in the planning of incentive programs and initiatives. Understanding overall rewards is

critical to coping and eventually succeeding in a dynamic and quickly changing corporate world that needs depth and personalization. Perhaps this is why WorldatWork chose to rethink and improve their overall incentives approach to better suit the future of work. The new 2020 debuted model consists of the following elements as in Figure 4.



Figure 4. New WorldatWork 2020 Total Rewards Model (Source: WorldatWork.org, pp. 6)

WorldatWork (2020) stated, as businesses, we should ideally enter an age in which we really care about our employees' overall well-being. The new total rewards model has been a revised and expanded into a version that is better prepared for the future of work. Now there are five total rewards aspects of the following: Compensation: is still the most important aspect of any incentive system. It is critical to compensate employees for their efforts with salary. Benefits: is the second in command and also a very essential rewards element. It remains unchanged with ever-increasing regulations' scope, requirements, and shifts. Well-Being: has been included as a new element of rewards. This reward element's name suggests that it has a lot of depth. Total rewards approach should aim for more than just 'balance' in the workplace. Development: presumably renamed from the previous model's 'Talent Development.' The scope of this reward element was substantially expanded by removing the first part, 'Talent.' This should imply a lot more than just traditional talent development. Perhaps career planning and pathing. Recognition: an important component of reward is recognition. If not highlighted and capitalized upon. This may have a significant impact on encouraging the entire staff to perform and succeed. The whole well-being of the workforce, including physical, mental, emotional, and financial well-being, should be addressed and positively affected by this new overhaul model.

However, on the basis of these components, a number of total reward frameworks and models have been developed, the majority of which are represented by four-quadrant diagrams describing and defining the model's transactional, pay and benefits, and relational, learning and development, and working environment factors (CIPD, 2006). For the purpose of this study, a four-quadrant model is used to categorize the sum of total reward items from prior research. Indicating a total of 50 rewards components that has been identified from the revised literature and proposed in the framework of study in Figure 5.

<u>Pay</u>	<u>Benefits</u>
<ol style="list-style-type: none"> 1. Base pay: fixed salary or wage 2. Fixed bonus: bonus that is 13th month salary 3. Contingent pay: merit or pay for KSA 4. Variable pay: related to results obtained 5. Incentive pay: performance bonus, commission 6. Short-term Incentives: shares, profit sharing 7. Long-term Incentives: stock ownership, ESOPs 8. COLA: cost of living allowance 9. Premium pay: diligence, differentials 10. Monetary recognition: financial rewards 	<ol style="list-style-type: none"> 11. Income protection: provided to promote health 12. Unemployment insurance: severance pay 13. Employee Assistance program: help resolve issues 14. Work-life focus: promote addition income 15. Allowance: accommodation & enhancements 16. Legally required benefits: social insurance, etc. 17. Discretionary benefits: additional benefits 18. Healthcare/medical aid: for wellbeing and health 19. PTO/Vacations: payments for workdays off 20. Statutory leave: entitled leaves 21. Retirement: pension, old age programs 22. Perquisites: payments as privileges 23. Flexibility: flexible benefit schemes
<u>Learning & Development</u>	<u>Work Environment</u>
<ol style="list-style-type: none"> 24. Learning and development: programs and plans 25. Training: developmental activities 26. Career development: program for career support 27. Career opportunity: career advancement opport. 28. Performance management: expect. & contributions 29. Feedbacks: ongoing conversation b. emp and mgr. 30. Succession planning: support key future positions 31. Coaching & mentoring: one-on-one development 	<ol style="list-style-type: none"> 32. Challenging work: work itself, challenging tasks 33. Job characteristics: aspect specific to job 34. Responsibility: clearly identified role expectation 35. Freedom: flexibility to do work 36. Autonomy: degree of ownership to carry out task 37. Growth: scope to develop new skills 38. Job advancement: job tasks for getting promoted 39. Work-life balance: manageable work loads 40. Job security: sense of job stability, assurance 41. Work environment: supportive inspiration environ. 42. Organization climate: properties that influence beh. 43. Leadership: management of leadership styles 44. Performance support: support performance 45. Recognition & status: special attention rewards 46. Achievement: a sense of accomplishment 47. Organization culture: support organization identify 48. Reputation: employer branding 49. Co-worker relationship: community, belonging 50. Employee Voice: involvement of employees

Figure 5. Total rewards model and components proposed for framework of study

2.5 Significance & Benefits of Total Rewards

Total rewards provide greater impact as the combined effect of different types of rewards will enhance the employment relationship and make deeper and long-lasting impact on motivation and performance. As pointed out by Milkovich & Bloom (1998), relational rewards may bind individuals more strongly to the organization because they respond to specific needs (Milkovich & Bloom, 1998). According to Kantor & Kao (2004) they commented that, companies today are managing much more heterogenous population. For the diverse workforce, no single component becomes a value driver, but rather employees have choices to make for greater flexibility needs (Kantor & Kao, 2004). For attraction and retention, relational rewards help to deliver positive psychological contract. Armstrong & Murlis (2005) believe that the main benefit of an effective total rewards is that it provides success in the battle for talent. Relational rewards can serve towards employer branding and become a differentiator. These types of rewards are much harder to replicate by competitors. Armstrong (2006) claims that total rewards approach is holistic where its success relies on the use of all possible ways individuals can be rewarded and receive satisfaction from work. Moreover, CIPD (2006) adds that the elevation of employer branding could be a weapon to recruit desirable talent and can lower potential waste arising from staff turnover. In summary, research over the years across many disciplines indicates that the combination of rewards offered by an employer represents a system of inducements where different reward elements

drive different behaviors and outcomes. Total rewards when properly designed, aligned and delivered can have significant impact on organizational and individual performance. The combination effect of different types of rewards allows for deeper and long-lasting impact on the motivation, commitment, and engagement of employees. Overall, it could be argued that Total rewards approach offers tremendous flexibility to meet personalized needs of employment and labor needs (WorldatWork, 2007).

3. METHODOLOGY

This section presents the research methods including, research design, population sampling, survey instrumentation that were taken to collected data needed to identify the adoption and satisfaction of the 50 Total rewards components (82 items) under the category of; Pay, Benefits, Learning and Development, Work Environment.

3.1 Research Design

For this study, an exploratory quantitative research design was employed using survey questionnaires which aims at discovering the satisfaction towards the adopted component items of total rewards provided by companies in Thailand.

3.2 Population Sampling

A non-random convenience sampling was used in order to acquire the necessary profiling and quantity of respondents. Using this approach, a large number of replies from a targeted demographic may be collected at a low cost and in a short amount of time. Due to certain necessary knowledge of HR expertise related rewards and compensation is needed in order to identify its provision by the company. The target population sample were 250 HR professionals that attended HR conferences at various hosted events for HR training programs. With each representing a unique company listed in the Stock Exchange of Thailand across various industry groups.

3.3 Survey Instrumentation

Data collection, as defined by Polit & Beck (2004), is the gathering of information required to answer the research topic. To obtain relevant information, a questionnaire was used. The questionnaire design was created to perform exploratory research on the 50 total rewards component items suggested in the study framework under four categories. Pay (10 components); Benefits (13 components); Learning & Development (8 components); Work Environment (19 components). The questionnaire's questions take the form of definitions for each item of total rewards, with a yes/no question for adoption in the current practice and satisfaction ranking on a four-point Likert scale. The survey comprise of three sections as follows:

- Part 1 consists of 8 questions regarding the demographic information of participant's profile
 - Part 2 consists of 2 questions regarding the demographic information of the company's profile
-

- Part 3 consists of 82 questions regarding the adoption and satisfaction of the 82 items under the 50 total rewards components proposed.

In an odd number Likert scale, respondents may find it intriguing because there is a simple choice to choose from, being neutral or not having an opinion towards either direction. Therefore, in order to collection a more accurate response with no neutral response. The satisfaction ratings rate based on a 4-point Likert scale with the highest score of 4 as 'most satisfied' and lowest score of 1 as 'not at all'. The interpretation of mean score range are as follows:

- Most Satisfied = 3.26 – 4.00
- Very Satisfied = 2.51 – 3.25
- Little Satisfied = 1.76 – 2.50
- Not at All = 1.00 – 1.75

3.6 Validity & Reliability

A pre-test on the meanings of each item was done. HR professionals and non-HR persons were asked to read the translated meanings of the survey topics to see if they understood them. A pre-test on the definition was done on 35 selected target persons who met the requirements of having basic understanding of HR compensation practice in order to gain confirmation. The goal was to gather useful information before going full-scale.

4. RESULTS

The current study employs the use of descriptive statistics using statistical analysis software to find the results of the total rewards items adoption and satisfaction in the current practice by companies in Thailand.

4.1 Demographic Analysis

A total of 250 survey responses was collected from a total population of 305, thus the response rate was at 82%. On the respondents' demographic profile (Table 3) questions number one through eight eliciting information about; age, gender, education level, work functions, years of experience, length of service, position levels. Table 3 shows details of respondents. For the gender results shows that most of the respondents were females, making up 74%. Most of the respondents are from the age range between 21-35 years making up 64%. As for education level, most of the respondents acquire a Bachelor's degree up to 71%. A majority of the respondents had between 1-5 years and 6-10 years of work experience with equally percentage of respondents at 30%. Regarding the length of service, the majority of responsible worked with their current company for 1-5 years at 58%. While the most position level found for respondents is at the 'Staff/Officer' level at 46%.

Table 3. Respondents' Demographics Profile

Biographical	Category	Frequency	Percent	Cumulative Percent
Gender	Male	66	26.4	26.4
	Female	184	73.6	100.0
Age	21-35 years	160	64	64.0
	36-45 years	68	27.2	91.2
	Above 45 years	22	8.8	100.0
Education	Below Bachelor's	14	5.6	5.6
	Bachelor's	178	71.2	76.8
	Above Bachelor's	58	23.2	100.0
Work Experience	Less than 1 year	8	3.2	3.2
	1-5 years	74	29.6	32.8
	5-10 years	74	29.6	62.4
	11-15 years	36	14.4	76.8
	16-20 years	30	12	88.8
	Over 20 years	28	11.2	100.0
Length of Service	Less than 1 year	25	10	10.0
	1-5 years	145	58	68.0
	5-10 years	46	18.4	86.4
	11-15 years	14	5.6	92.0
	16-20 years	11	4.4	96.4
	Over 20 years	9	3.6	100.0
Position Level	Staff/Officer	115	46	46.0
	Supervisor/Line Mgr.	66	26.4	72.4
	Asst. Mgr/Mgr	57	22.8	95.2
	Asst Dir./Dir./MD	6	2.4	97.6
	Others	6	2.4	100.0

4.2 Industry Analysis

Table 4 displays to overall adoption and satisfaction of total reward across 8 industry groups.

Table 4. Total Rewards Adoption & Satisfaction in 8 Industry Groups.

Industry Gr.	Pay		Benefits		L & D		Work En.	
	Sat Mean	Adp %	Sat Mean	Adp %	Sat Mean	Adp %	Sat Mean	Adp %
AGRO	2.61	66.1	2.47	74.0	2.29	87.5	2.47	95.7
CONSUMP	2.48	70.9	2.08	72.5	2.48	89.8	2.57	97.0
FINANCIALS	2.70	68.5	2.85	73.5	2.72	89.0	2.86	96.6
INDUS	2.48	56.1	2.55	60.3	2.57	90.6	2.68	95.1
PROPCON	2.34	63.1	2.82	74.1	2.60	94.5	2.74	97.0
RESOURCE	2.81	56.4	2.91	76.6	2.86	98.8	2.98	97.3
SERVICE	2.38	54.5	2.62	62.0	2.48	90.8	2.65	91.2
TECH	2.40	50.2	2.68	66.3	2.18	87.9	2.50	96.9
OTHER	3.06	86.1	3.71	8.8	3.75	100.0	3.69	96.5

For the current study, the finding satisfaction among the four categories are; Benefits (M=2.72) (SD=.856), Work Environment (M=2.68) (SD=.841); Pay (M=2.53) (SD=.851); Learning & Development (M=2.52) (SD=.841) respectively. Starting with the adoption of pay, it was found that from the 18 items under pay, all companies adopted one type or another under the category of pay. However, the satisfaction under this category rank as third in four categories and favors the highest satisfaction for Overtime Payment (2.79); Monetary Recognition (2.65); Shift Differentials (2.66) respectively. There is significant evidence that references for various pay levels and benefit combinations fluctuate predictably as a function of employee personal attributes (Heneman and Schwab 1979; Lawler 1971). Locke's (1969, 1976) believe that job satisfaction is determined by the degree of correspondence between what is perceived and what is really given. Moreover, there is widespread agreement that salary is an important result (Lawler 1971; Quinn et al. 1974). For the category of benefits ranks as first in the four categories and favors the top three most satisfied items to; Annual Heal Checks (2.92); Provident Funds (2.91); Holiday (2.89). Similar findings from SHRM's employee satisfaction and engagement survey found highest satisfaction under benefits for Paid Time Off (71%) and Healthcare and Medical Benefits (66%). For the category of learning and development ranks as the least satisfied category of the four. However, the top three most satisfied items under this category were; Training (2.72); Career Opportunity (2.59); Performance Management (2.55). According to UNC Executive Development white paper on "Rethinking Total Rewards", discusses the current issue whether its time to reconsider total reward's activities to being including of career development and training. Horace McCormick, who is a program director for UNC Executive Development stated that, as part of their complete incentives' packages, progressive firms promote their career development possibilities. Forms of learning and development activities that are being currently included as "learning in the form of tuition assistance, corporate universities, attending seminars and conferences, self-development, challenge assignments. Coaching and mentoring also fall into this category, along with advanced opportunities like overseas assignments, career ladders and pathways, and providing employees on and off ramps throughout their careers" (Ellis, 2007). Lastly the category of Work Environment ranks as second among the four with a mean satisfaction score of 2.68. The top three most satisfied items under this category are; Co-Worker Relationship (2.88); Reputation (2.83); Job Security (2.79) respectively. Similar findings from studies by

Sell & Cleal (2011) revealed that psychosocial work environment elements such as knowledge about workplace choices, social support, and influence had a substantial impact on job satisfaction (Sell & Cleal, 2011). Moreover, creating a happy office atmosphere of the work environment may significantly improve employee performance and creativity (Joshi, 2016).

4.3 Overall Analysis

Results from the current study are in accordance with studies and empirical researches which has shown the efficacy of different components of the total rewards model. The findings in the current study adds to empirical evidence for the significance of extrinsic rewards (pay and benefits) and intrinsic rewards (learning and development and work environment) to motivate employees with extrinsic rewards related to employee's satisfaction. Overall, SHRM's recent survey found that better pay and benefits has been the cause of employee satisfaction. They reported an overall employee satisfaction is at its highest level in 10 years, with 88 percent of employees saying they are satisfied with their job (Miller, 2019). Found that compensation/pay and benefits are at the top three key drivers identified from SHRM's 2016 Employee Job Satisfaction and Engagement survey. In the current study, it was found that benefits ranked the highest among the four categories, however pay was third. Whilst, work environment made its way to being the second most satisfied. Thus, workplace variables have traditionally been modeled as job characteristics in conventional economic theory (Sell & Cleal, 2011). Moreover, findings from the current study Learning & Development were the category in all the four to be ranked the lowest for satisfaction towards total reward. Across the 28 industry sectors in 8 groups, the following sectors has a ranking of learning and development as one of the two bottom lowest from the four categories of total rewards; AGRO, CONSUMP, FINANCIAL, PROPCON, RESOURCES, SERVICE, TECH. Leaving room for improvement to be discuss further in the following sections.

5. DISCUSSION, RECOMMENDATION & CONCLUSION

A quantitative exploratory, cross-sectional research conducted to investigate the current practice of total rewards among companies in Thailand. The findings indicated that more companies are practicing the use of intrinsic rewards to align with their HR strategy. Results suggests that the need to attract and retain employees is needed to be in sync to drive towards a learning organization. For companies to be able to strive in the new normal, it is crucial that they must employ people with learning how to learn ability. The current study presented results that learning and development dimension has ranked the lowest of the four categories for satisfaction. Therefore, employers should focus on this dimension in using strategies like implement learning how to learn programs into their training. This can serve to be a satisfaction engagement due to employees will have to opportunity to strive towards personal development in prepares of lifelong learning. Such skills will allow them for future career progression and to keep up with skill acquiring agility.

5.1 Discussion

High-performing firms, according to Bersin's research, are six times more likely to utilize data and analysis to understand employee incentive preferences. While employee feedback on their desires and views is helpful in developing a complete incentive strategy, executives must recognize that a successful communication culture requires information flow in both directions (Bruce, 2019). According to WorldatWork's 2019 assessments. Based on the results of their survey and study. They discovered that just 9.9% of companies consider bridging the wage gap to be one of their top objectives. Only 8% of employees believe that incentive programs are extremely successful in offering flexible, tailored total incentives. Whereas 20% of businesses are conducting performance assessments, and only about 10% change salaries accordingly. Hence, only a small percentage of organizational growth has been found, where only 10% of these companies are aligning their total rewards with business goals. Thus, such data indicates that companies are not keeping up with employees' expectations of their desired rewards to match work and learning. It could be concluded that the old one-size-fits-all approach to total rewards is no longer effective. As a result, learning and development becomes a method of self-actualization and fulfillment for employees, helping them to reach their maximum potential. This is connected to both company performance and employee happiness. Individual goals for personal development and learning, which includes; the ability to meet personal development goals. Strong skill sets provide a better work-life balance, greater job stability as a result of increased employability.

5.2 Recommendations

On total reward; Kantor & Kao (2015) proposed the following golden rules for total reward, these can help organizations develop an effective total reward strategy. Firstly, total reward must be defined broadly to include everything "an employee gets as a result of working for the company". It is a way of "conveying the total value of the work experience is always more compelling to employees." Next, they must clarify the company's direction so that the entire reward approach is in line with it. Lastly, they should focus on "delivering targeted incentives information to employees that is accessible, current, and relevant" rather than "communicating with quantity" (Kantor & Kao, 2015).

On learning and development; automated, simple, and interactive learning may be created to engage employee learning behavior. Moreover, regular surveys should be employed to gain a comprehensive knowledge of distinct employee personalities and their various learning requirements (BasuMallick, 2020). Next integrating learning and development into the wider HR picture. For a lot of large organizations, the frequent practice of having L&D classified as a separate department, separate from HR. This will lead a siloed approach that has little collaboration between HR and L&D. For companies with workforces of thousands of people, this could be ineffective. Therefore, with this practice companies will have low insight on how L&D program is affecting their people's performance outcomes, thus L&D is only focused on business results. To be effective, L&D should be embedded into companies HR landscape. Thirdly, use learning and development as a tool for succession planning (BasuMallick, 2020). Because of the rapidly aging baby boomer population, a wave of retirements is expected in 2020, affecting thousands of senior leadership positions throughout the world. HR must take the initiative and implement a successful succession strategy. A well-thought-out learning and development plan can help you close the gap by cultivating workers' hidden leadership abilities. Fourthly, implement learning as a continuous process. Talent development should be considered as a continuous development approach by integrating learning in their everyday workflow. Integrating learning into the flow of work can boost

engagement and prevent the forgetting curve. Thus, by doing so employees do not have to specifically take out time to complete their learning modules.

On learning how to learn; with a rise in learners' requirements for more and better learning resources to assist people enhance their self-learning abilities. Making the argument for 'Learning to Learn' to be accepted as part of lifelong learning skills, because it covers the desire to understand one's own learning capacity, as well as the ability to identify, reflect on, develop, and control one's own learning ability. A suggested learning strategy is also a method for coordinating cognitive resources in order to achieve a learning goal. There are a few characteristics that all "learning to learn" approaches share. They are goal-oriented first and foremost. To help satisfy a performance criterion or achieve a learning goal, learning approaches are used. Secondly, these methods require active selection, since they are chosen based on a variety of criteria, including the learner's past experience with the approach, prior experience with similar learning activities, capacity to deal with distractions, and devotion to one's goals. Thirdly, these methods are time-consuming, require practice, and frequently involve the use of several, highly interactive learning processes. Learners must be encouraged to begin utilizing techniques and to keep doing so. They must also believe that the strategy would be useful and that they will be effective in putting it into practice.

5.3 Conclusion

In summary, the findings of descriptive statics could be use as an observational study on the trend adoption and satisfaction of total rewards in the current practice by companies in Thailand. The study serves as a preliminary research to explore what components are currently being adopted into practice. However, further researches are needed to explore the topic in greater depths. Results suggests that the area of learning and development could have room for improvement in order to raise the satisfaction of total rewards in this dimension. The framework of the widely accepted four-category model of total rewards could be use as the basis for creation of a new conceptual model of reward tailored to Thailand enterprises.

The following arguments can be made from the study; there is a need for a total reward model for Thailand. When compared to evaluating an existing model, the proposed updated model has a higher scientific usefulness. The new model should be adapted to post COVID-19 factors. Since the current study only explores the previous dimensions of total rewards on pay, benefits, learning and development, work environment. The adopted framework of study provided the foundation for future total rewards to be conducted, further researches should explore intrinsic rewards in areas of lifelong learning adding to the dimension of learning and develop to enhance and level the use of total reward strategy for getting ahead of competitors. To compromise these limitations further studies should be made in expansion from what is currently adopted. Due to current situations of COVID-19 additional areas of exploration on total rewards dimensions should me made such as wellness and other rewards regarding work from home benefits. Lastly, data collected was during pre-COVID period therefore some major trends have shift during the pandemic, further research should be conducted to investigate the current relevance. Further limitations concern the usage of only descriptive statistics that were employed in the study; therefore, research results may reflect certain level of bias due to the absence of statistical tests. Same results may not 'repeatable' due to their observational nature. Future research is recommended to examine the conceptual framework or test the theoretical model.

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Legacy Multi-Generation Business

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Abstract

This case covers a family business that has been operating in Kampung Langgar, Kota Bharu, Kelantan since the 1960s and produces meat floss known as 'sambal daging' in Malay. In 2000 Suzieyana Mat (now known as Suzie) was given the heritage of this meat floss business by her grandmother, a family member of the fourth generation. The business has about 10 permanent workers in 2019 and is expected to have revenues between RM500,000 to RM1 million. Suzie founded 'sambal daging' business in 2013 following the growth of the local food sector and the shift to company management. By maintaining the family secret formula for decades, the firm can preserve the prosperity of this meat industry. Most of the traditional techniques of food production and administration in the Suzie 'sambal daging' industry are still practised. As the company manager, Suzie believes it is necessary to update the administration of the business, grow the market and carry out product research. However, Suzie considers several elements of business, the family and owner before making strategic choices for the firm in a closed-loop manner in Suzie 'sambal daging'.

Keywords: Family, Business, Owner

INTRODUCTION

The participation of family members in a company necessitates a different management style than that of a non-family business. Even though a family company may be doing well on an individual level, some research has indicated that family-owned companies are clashing around three interacting components: The business; the family; and the owners, which are depicted by a three-circle model (Chua, Chrisman & Steier, 2003). The three-circle model, developed by Renato Tagiuri and John Davis at the Harvard Business School in 1978, provides a simple framework to understand how the three interdependent and overlapping components (i.e., family, business, and owner) interact to form a family business system. The main objective of this research is to investigate the management decisions made by a manager in a family company. So the three-circle model is considered appropriate in studying a family business from the management viewpoint rather than from the standpoint of the company's financial performance results (Habbershon et al., 2003). As previously study of family business performance should examine results from both the company and the family perspectives, as previously mentioned, this is a research limitation (Yu et al., 2012).

Family businesses are not only necessary to have a complex organisational structure, but also generational family culture and heritage must be present in the organisation. Employees (whether their relatives or not) are required to work according to their family traditions in the closed business management process, and emotional value is shared among all parties. Family companies tends to be very hands-off when it comes to day-to-day operations and administration, instead and focus on everything from strategy to administration within the family's network of friends and family (Rautiainen et al., 2012). The three-circle model perspective shows how every event or action in one component or system of a family business has an effect on the other components. To explain, if a family component has a conflict, the business component will be impacted and may be part of the reason for family

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business system dysfunction. The family business is maintained and supported by strong values, culture, and attitude that each is transferred from one generation to a next, ensuring that the business survives for future decades (Ramadani & Hoy, 2015).

THE CONCEPTS

A successful business is what every organisation needs. To be successful in business, a firm must first define its objectives. This will allow the company to develop an effective work structure, evaluate its performance, and, most importantly, offer strong leadership. However, nothing is known about how a family company was able to sustain its success other than the fact that it had to be lucrative to exist (Tagiuri & Davis, 1992). The positive attitudes of each component inside the three-circle model are critical to the long-term viability of family enterprises. Contrary to this, disputes within a family business are unavoidable, and a mutual understanding of each individual's position is essential for the next generation to be a successful and sustainable enterprise (Stewart, 2017).

According to earlier academic work by Tagiuri and Davis (1992), family businesses are distinct in that they are made up of components that overlap between the owner, his or her family, and the company itself. Within the three-circle model of a family company, each component is a source of advantages and disadvantages (or conflicts) for the family firm. In light of the positive and negative potentials identified by the three-circle model, the success or failure of any family business will be determined by the ability of those engaged in the firm to effectively manage these basic potentials (Tagiuri & Davis, 1992). The components of the three-circle model relate to groups of people who have unique structures and functions, as shown in the figure 1.

- The family – comprises adult family members with or without their spouses. The purpose of family component is to educate family members about the responsibilities that come with company management.
- The business – refers to the management team members consisted of key managers in the company including family or non-family. The business component has critical roles in managing and planning for the business.
- The owner – may include family members and/or investors. Usually, only an owner will sit in this circle that oversees succession planning, sets the strategic direction of the company and develop leadership.

When it comes to family businesses, the primary source of conflict is the overlapping structure that represents connections among (or inside) the people who work for the firm. For example, an eldest one of a business owner may potentially take on the position of General Manager in the company founded. Owner transition, business continuance, succession, and the owner/manager life cycle are all examples of important strategic management issues that may arise as a result of the overlap of responsibilities (Habbershon et al., 2003). Previous scholars have pointed out that the three-circle model has limitations when it comes to depicting circular feedback processes rather than degrees of component overlap, and that it is necessary to demonstrate how activity in one component of the system becomes both a cause and an effect in the other subsystem components (Habbershon et al., 2003). Scholars have proposed that the family circle should be positioned as the main system (or basic universal model) inside a three-circle model, with the subsidiary circles being the owners and managers (Moore, 2009).

Researchers, on the other hand, have recommended that the owner should be the key element in multi-generational family business since he or she is directly linked to the legal side of business ownership and should be the main system with the power-influence position in the organisation. According to Rautiainen et al. (2012), the owner often has personal money that is invested in the business, and the owner frequently wants to retain the wealth within the family members' control. A closed approach is so prevalent in family businesses, when all of the company's operations, administration, and strategic activities are carried out entirely inside the family's network of friends and relatives. This is known as a closed approach. Non-family members' involvement in the company is restricted, and the control mechanism must be centralised inside the family structure. The dedication of

each generation is critical to the long-term survival of the company, and the successor is accountable for meeting the requirements of the owner and his or her immediate family members.

Beyond commitment, conflicts that occur within a family company should be addressed with special care to guarantee long-term success since the issues that arise in one component may be transmitted to another component as a result of the closed system that the firm operates under. Not only are issues likely to be passed on from generation to generation, but so is a mental orientation that has contributed to the long-term viability of the company. However, for a variety of reasons over time, certain elements of a family company's property and managerial operations may be "distributed or transferred" to a person outside the family, resulting in the business losing its status as a family business (Ramadani & Hoy, 2015). The paternalistic culture, according to Ramadani and Hoy (2015), is the most often observed in multi-generational family companies, especially among first-generation family company members. In the following generations, more than two-thirds of the members in family members experience cultural changes.

Scholars in the family business discipline have investigated the attitudes of various stakeholders and discovered that one characteristic of a family company is that the owner is concerned with both the business and the family results (Yu et al., 2012). The business outcomes, according to Yu et al. (2012), are comprised of company performance, strategy, as well as social and economic effects. While the family results are based on the dynamics of the family, the responsibilities of the family and the succession. A study of a family business is deemed inadequate if it solely considers economic or financial results, while neglecting key nonmonetary outcomes that are vital to the success of the company, such as family values and overall happiness.

METHOD

Based on the three-circle model, this research described the management activities of a multi-generational family company from the viewpoint of the three-circle model. By using a single case study technique to analyse the action in the context of significant circumstances, this study advocated for constructivism and existentialism as philosophical frameworks (Yazan, 2015). Specific to Suzie's 'sambal daging' company, the research will aim at the management measures she took to ensure the continuity of the multi-generational business heritage at Suzie.

Suzie, the fourth-generation company manager, was interviewed for about 90 minutes in her place of business in an in-depth and semi-structured manner. The interview consisted questions on the business's background, challenges, strategies, and expectations. The interview was conducted according to a conventional procedure, and the interview was voice-recorded with the permission of the research informant. The answers were recorded verbatim and then transcribed for thematic analysis. A thematic analysis of the transcripts and notes taken during the interview was carried out to identify themes and meanings in the material. Each topic was further subdivided into categories based on components of the three-circle model for family business (i.e. family, business, and owner), which served as the study's conceptual framework. Selected quotations stated in the Malay language are translated into English and given in the results to support the conclusions of the research study.

RESULTS

The objective of this case study was to explore the managerial actions taken by Suzie to maintain the multi-generational business legacy at *Suzie 'sambal daging'*. It was expected that each action are governed by Suzie's obligations as the fourth generation family member, as the manager of a traditional meat floss business, and as the youngest daughter to the business owner.

4.1. The Family

The purpose of family components in a family-owned business is to educate family members about the responsibilities that come with company management. In the case of *Suzie 'sambal daging'*, the great grandmother (i.e. the first generation) played a critical role in educating the family members about the meat floss business. It was obvious that the secret recipe for making the traditional meat floss has been

passed down to female family members (i.e. the daughters) that resulted in few other meat floss entrepreneurs in the village of Kampung Langgar, Kota Bharu, Kelantan. Nowadays, other well-known meat floss entrepreneurs are also existing in another village and district namely Kampung Laut, Tumpat, Kelantan. It was believed that these budding meat floss entrepreneurs were a result of marriages of the second-generation family members that had followed their husbands and moved to other district.

Similar to Suzie's mother's job, a second-generation family member had taken on a similar position and handed down the secret recipe and meat floss company to a third-generation family member (i.e. Suzie's mother), who in turn had passed it down to Suzie (i.e. the fourth generation). Suzie has been involved with the family company since she was a small child, even before she began attending elementary school. Suzie's participation was extremely casual at the time, involving mostly of accompanying her mother to the barn and seeing her mother's business operations in the production of the meat floss. Even though Suzie had begun attending school, she continued to assist her mother in the production and selling of meat floss after school hours and on weekends. Suzie learns how to make and sell the traditional meat floss during her casual participation in the business. Suzie claims that she learned about the family company from her mother since she was young.

“I have been involved with this business since I was a small kid. I followed my mother to the [meat floss] cooking area. I helped my mother selling the meat floss. My mother teaches me about the business little by little. She teaches me how to produce the meat floss, but she is still in charge of the overall cooking activities. The workers and I just followed her instructions.”

Suzie is the youngest of ten siblings. Suzie's four siblings are all engaged in the family's meat floss business, in addition to their mother. The other brothers and sisters each run their businesses that are unconnected to the family's primary enterprise. At present, Suzie is the only one who is actively engaged in the administration of the family company, which includes financial, operational, and marketing aspects. The other siblings were solely engaged in the business of the meat floss, according to their story. According to consensus among the siblings, Suzie is the most important family member who will take over the family company in its current form. Suzie is 25 years old, and she lives in the United Kingdom (at the time the interview was conducted). Suzie had just recently begun her own family, having been married for two years and had a newborn kid. Suzie and her mother had adopted a small child. With gradual exposure, Suzie has introduced this adoptive kid to the family business operation, and the child is now capable of assisting Suzie with basic tasks at the meat floss store. When the writer inquired of Suzie about who is assisting her with the company now that Suzie is the mother of a little kid.

“My mother is helping a lot. We manage the business together. I bring my baby to the shop and mother would help to look after the baby when I have to handle the customers. The other siblings are more focusing on the production. So, I have a small sister [a non-family member] that I took care of since she was very little. I have taught her about the work at the shop. Now, she can also help me with the business. A simple thing like helping customers with their purchase.”

Suzie has the duty of ensuring that the meat floss company continues in perpetuity. Some of the processes involved in the manufacturing of beef floss are carried out by machine. However, the most important aspects of manufacturing, such as the combining of spices and seasonings and the cooking of the meat, are still carried out traditionally. The meat is cooked in a firewood kitchen, and the spice combination is still made entirely by hand, by Suzie's mother, who lives nearby. There have been many reliable local suppliers materials for this family company from its inception, and Suzie has maintained the relationships with these suppliers till this day. Similarly, account administration is carried out conventionally, that is, via manual cash accounting, as Suzie's mother has done it for a long time. Suzie just maintains the manual account and conducts cash transactions in the manner in which her mother did so, while dealing with clients or suppliers.

4.2 The Business

The business component plays an important role in the management and planning of the organisation. She inherited the meat floss company from her great grandmother (who was the first generation), who used to raise cattle and provide beef in Kota Bharu, Kelantan, before starting her own business in the 1960s. Back in the 1960s, the family didn't have a refrigerator, so they had to eat the remaining meat on the stove. Consequently, the great-grandma devised a strategy to preserve the beef by preparing 'rendang,' a spicy meat dish popular in Malay cuisine, using the remaining beef. Once the "sambal daging" had been roasted until it was dry, it was shredded into thin strips that were combined to create a spicy meat floss known as "sambal daging." The great-grandma began selling beef "sambal daging" as a supplementary product to until it gained popularity in the neighborhood and eventually surpassed the original family business in terms of providing fresh beef.

Suzie's family meat floss became popular in the region during the 1970s, and there was a high demand for "sambal daging" from a nearby military base at that time. The recipe for meat floss was shared with other siblings and relatives in the village as a way to assist Suzie's grandmother with the meat floss production to meet the customer's demand. Suzie's grandmother (i.e. the second generation) shared the meat floss recipe with other siblings and relatives in the village as a way to assist Suzie's grandmother with the meat floss production. This was the beginning of the growth of Suzie's family's meat floss company. Later on, after obtaining the traditional recipe, other members of the family began producing their meat floss product to sell it.

Before it's became well-known for traditional meat floss production today, the family members who were engaged in the business lived in the same village as the company. As a result of marriages between families, the traditional meat floss recipe gradually spread to other districts, where it eventually developed into a local industry, thanks to a large number of entrepreneurs who are all engaged in the same meat floss business, but each with their recipe and distinct taste. Suzie's paternal lineage has been in charge of the family meat floss company for many years and will continue to do so. Suzie's mother (i.e. the third generation) started working as a vendor in the 1980s, and she began selling meat floss at the local market. Currently, there are three major types of meat floss to choose from: beef, chicken, and fish floss. Suzie's mother established a store in the village in front of their original home in the 1990s, as well as a small warehouse adjacent to the shop for the production of traditional meat floss. Suzie's mother continues to operate both businesses today. Suzie's store sells a variety of culinary items in addition to the family's meat floss since her mother enjoys doing small business trading with other businesses and expanding their product offerings.

"My mother is like that, she like to sell things. Wherever she went, she will look for something to bring back to the shop and sell. Not much, only few items. Just to bring [product] varieties into shop. That is why many other food products available in the shop, and we want to make this shop as a one-stop-shopping-centre. So that customers will be easy to shop for other Kelantan's traditional food products. They don't have to go to the big market for shopping. Everything exists here, in our shop."

Suzie, a fourth-generation family member, is now in charge of the meat floss company in the twenty-first century. Throughout this time, the family's meat floss goods were sold under no particular brand, until Suzie began using a brand called "Suzie'sambal daging" for their meat floss products around the beginning of this year. Intellectual Property Corporation of Malaysia has registered this brand as a trademark with the organisation (MyIPO). It was decided that the name 'Suzie' would be used to reflect the name of Suzie's mother, who is the current owner of the company. Some parts of the meat floss production process have been automated under Suzie's supervision, thanks to agro-based funding from government agencies such as the Federal Agricultural Marketing Authority (FAMA) and the Department of Veterinary Services (DVS). Suzie is the owner of Suzie's Meats, which produces meat floss (DVS). Suzie has got many government assistance, including financial assistance for the construction of a new brick facility for meat floss manufacturing, which replaced their previous wooden warehouse. Suzie has participated in many training sessions at the Small and Medium-Sized Enterprise

Corporation (SME Corp) and the Federal Agricultural Marketing Authority (FAMA) to further her understanding of food industry management. However, even though the company has grown and implemented a few modernizations, some of the activities are still carried out in a traditional manner, such as the payment of salaries to employees by hand and the use of a hand sealer for packing the meat floss goods.

“Many entrepreneurs sell meat floss nowadays, even in this village. These entrepreneurs are my relatives, but our ‘*sambal daging*’ is still dominating the business because we are the original family for this meat floss. I introduced the use of machine, but in a small part of the business. Now, the meat floss production uses mixed methods between machine and traditional. My mother still uses firewood to cook the meat that would give authentic wood aroma to the ‘*rendang*’. I try to follow the trend by using online marketing and selling, but still using the account book keeping manually and focusing more on selling at the shop.”

Following her appointment as the new manager of the family company, Suzie has been an active participant in trade shows for the industry. Suzie hopes to raise their client base in the local area while also marketing their family's meat floss internationally. Presently, the company, known as Suzie "sambal daging," is regarded as one of the most important providers of meat floss goods in Peninsular Malaysia. The company has exported some of its meat floss items to other countries, even though by personal clients rather than through commercial trade. Currently, expanding the company market outside of Kelantan, especially to international markets, is a problem for Suzie, who has just married and is unable to leave her newborn baby and family for an extended time on a business trip.

Finding a way to maintain a healthy work-life balance while still caring for her family is just not Suzie's only challenge. Suzie has been in control of the family meat floss company for almost two decades, but she continues to have difficulties obtaining a Halal certification for her product items. The reason for this is that many criteria must be met for a food business to get Halal certification. Suzie, on the other hand, is determined to get the Halal certification since it would allow her company to grow and reach a wider market, especially in the international market. Except for the Halal problem, Suzie believes that pricing competition for meat floss items among food businesses and the like is unhealthy.

As a result, Suzie's tactics aim to maintain the highest possible quality in her meat floss products while never discouraging consumers from making their own purchasing decisions. Suzie would guarantee that the natural resources she uses are of high quality and that the suppliers she uses are the same ones who have worked with her family's company for a long time to maintain the quality of her goods. Food floss items are kept fresh at all times, and new batches of products will only be produced after the existing stock has been completely depleted from the shop's shelves. The Suzie 'sambal daging' meat floss products have been evaluated for food shelf life at the Malaysian Agricultural Research and Development Institute (MARDI) and be safe for eating for six months after being prepared. However, based on current customers' comments, the meat floss items are still fresh, have not changed in terms of fragrance, look, or flavor, and maybe eaten for up to one year after purchase.

“So far, our shop never stops receiving customers. Our shop operates seven days a week, and close about two hours for Friday praying. During the fasting month, there are lots of demand and we have to hire additional workers because we want to maintain a good quality of meat floss. One worker will [concentrate] cooking for a big pan until perfectly done. Some customers have told that our meat floss was expensive as compared to other places. But I am sure that our price is reasonable for the kind of food quality that we have produced. And I think, our meat floss prices are considerably cheap actually. Although the government introduced the SST and GST, our products' prices remained the same.”

Suzie has collaborated with the local tourism centre in order to keep the family company afloat, and she has turned their meat floss store into a tourist attraction. In this way, her store is continuously flooded with tourists from all around Malaysia and never closes its doors for business. Many clients are pleased to buy at Suzie 'sambal daging' not only because of the high quality of the meat floss, but also because the store offers a wide variety of other culinary items. With the wholesaler model that has been applied at Suzie "sambal daging," the store has become one of the most popular destinations for those

looking to purchase traditional Kelantan culinary items. Suzie's mother pioneered this approach, and Suzie has carried on the tradition by stocking her store with a variety of goods from other small businesses until now. However, Suzie enabled clients to purchase huge quantities of their meat floss items from her business. Suzie would deliver the meat floss items to them in a big container that did not have their company's logo. Typically, these clients are tiny merchants that would create their own packaging for their products. One instance occurred in which a client stole Suzie's meat floss goods and neglected to reimburse her. Suzie (and her mother) are willing to forgive the client despite the fact that it was a substantial amount of money.

Future business growth goals for Suzie include strengthening the firm management and hiring additional employees (who may be family members or not) to assist with the company's operations, especially at its retail store place. Suzie intends to expand the scope of their family company to include locations outside of Kota Bharu, Kelantan, as well as locations across Malaysia and Suzie plans to expand their family business more outside of Kota Bharu, Kelantan, throughout the Malaysia and especially abroad. Before this, Suzie travelled to another state to promote her family meat floss alone without any help from anyone from the company.. At the present, the kinds of meat floss made by Suzie 'sambal daging' include chicken, beef, and fish, among other things. Suzie had previously attended a business matching event where a Japanese firm had shown interest in a seafood-based meat floss, which led to the statement of interest from Suzie. As a result, Suzie would want to see the company's research and product development departments strengthened in order to fulfil this demand. In order for a business to survive and maintain a competitive edge, she understands the need of ongoing research and development.

4.3 The Owner

Typically, the owner of a family firm would be in charge of succession planning, as well as setting the strategic direction of the organisation and developing leadership. In the instance of Suzie 'sambal daging,' although Suzie is the company's manager, her mother (i.e. the third generation of business owners) is still the company's chief executive and is actively engaged in the company's decision-making. She continues to play a key role in the manufacture of meat floss, particularly when it comes to using traditional ways of boiling meat and combining spices for the family's secret formula.

Some of Suzie's siblings and some community members are assisting with the process of meat floss; however, they are just assisting with the latter stages of the cooking process, which mostly included stirring the food for an extended time until it dried. Suzie's mother instilled in her a strong sense of loyalty to the family company. Suzie has been employed by the business since she was a little child. The other family members were all in agreement that Suzie is the heir apparent to the family business and is presently in charge of the company's operations. Suzie is clearly knowledgeable about all areas of the family company, including administration, financial management, operations, sales, suppliers, and customers. She, on the other hand, never made the secret spice combination herself. As a young woman of 25, Suzie has begun to think about her future career options other than working for her family's small manufacturing company. While looking around at her peers from schools and colleges who are working in a variety of different fields, she began to consider pursuing a career path other than the family company. Although she want to be alone, Suzie's duty to her mother takes precedence over her own desires.

“It is only because of my mother that I stayed in the business, and I always thinking about her. If not because of her, I might have done other things. And now I am in the [family] business and I have to do it. The other siblings have their own business. In whatever that I wanted to do for the business, I always consulted her. I am still doing like my mother used to do it. I keep the account manually, like the old time. I make payment by cash, because my mother dislike to make debt. That is why, I do not make [bank] loan for running the business and use company’s own capital.”

DISCUSSIONS

Based on the results, it is found that the amount of managerial data is more largely focusing on the business component, followed by the family and then the owner component. Thus, the three-circle model for Suzie 'sambal daging' family business can be represented as Figure 1 below.

Referring to Figure 1, the three-circle representing three components of the business model namely owner, family, and business. Size of the circle indicates degree of the management activities found in the case study. While the text in bold characterising the main roles of each component as synthesised from the data with information on the individual/s who involved in each component. The overlapping circles are useful organisational behaviour model for describing the degree of interactions between individuals in the family business and the complex organisational management activities associated with different stakeholders' roles and responsibilities (Habbershon et al., 2003).

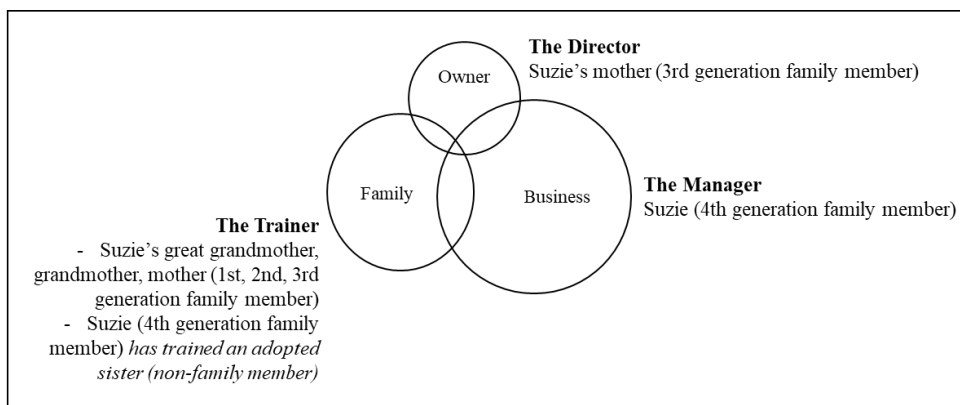


Figure 1: The three-circle model for Suzie 'sambal daging'.

Because Suzie's mother (a third generation member of the family business) is still in charge of the business operation and has an influence on the company's decision making, the owner of Suzie 'sambal daging' has agreed to act as Director in the case of Suzie 'sambal daging'. When compared to the other two circles in Figure 1, the size of the owner's circle seems to be the smallest. This is due to the fact that, according to the statistics, the owner was responsible for the least amount of managerial activities. The owner primarily served as the person in charge of issuing important instructions, and as such was properly designated as the Director. The Director is in charge of giving out work instructions at the production level and making management-level decisions at the company's headquarters. All of the employees, including family and non-family members, are required to obey the Director's instructions, who is responsible for overseeing the overall operation of the company. Although the owner's circle is the smallest in terms of size, her responsibilities are the most significant and powerful in this family company, despite the fact that the circle is tiny. This result is consistent with the findings of Rautiainen et al. (2012) since the owner has a power-influence position and has emerged as the key component in a multi-generational family enterprise.

Secondly at Suzie 'sambal daging', the job of family members consists mostly of informing and instructing family members about the company as well as acting as the company's trainer. It is not yet possible to get explicit knowledge of the secret recipe for meat floss, for example, since it is handed down via informal training and has been passed down for many generations. Suzie's mother is required to participate in each batch of meat floss manufacturing since she is responsible for the spice combination. For the time being, the Director retains implicit control over the secret formula. According to Figure 1, the size of the family's circle is the second biggest in terms of the amount of commercial operations carried out by the members of the family. In this particular instance, many people were engaged in the commercial operations over a duration of more than 50 years, beginning with the founding of the company in the 1960s. Suzie's great grandmother was the one who started the first generation of the meat floss family company, which was handed down to her daughter (i.e. Suzie's

grandmother), who in turn passed it down to Suzie's mother, who in turn passed it down to Suzie as the fourth generation family member. It is important to highlight that there is one non-family person who exists in the setting of this case study (namely, Suzie's adopted sister), who has been taught by Suzie since she was a child on basic shop duties. It is too soon to speculate on the future responsibilities of this young non-family member in the company's operations. However, for a variety of reasons and over time, certain aspects of a family company's managerial operations may be "distributed or transferred" to a person who is not related to the organisation (Ramadani & Hoy, 2015).

Finally, in the instance of Suzie 'sambal daging,' Suzie, the business manager, plays a pivotal role in the success of the enterprise. Suzie is now the most important person in the management of the family company, despite the fact that the other four siblings are also engaged in the business, but only in the operation division, which is responsible for cooking and packing the meat floss. Suzie's responsibilities as Manager include maintaining the company's financial records, interacting with suppliers, overseeing the operation, dealing with customers, and conducting marketing campaigns. Suzie is involved in a diverse managerial tasks in the company, and as a result, she is considered the most important circle in this family business model (Figure 1). Suzie was the sole important person in the company, which presented her with a number of difficulties, especially in balancing the demands of running the business and raising her own newly formed family. Suzie is fortunate in that her mother, the company's owner, continues to assist her in managing the business and the family. Because one characteristic of family businesses that is clearly distinguishable is that the owner is concerned about both the company results and the outcomes of Suzie's family, it is natural that Suzie's mother would be directly involved in the administration of the firm (Yu et al., 2012). Suzie must now consider the needs of her newly born child (i.e., the fifth generation family member) while making choices that may have an impact on the company's operations directly or indirectly.

CONCLUSION

As part of a comprehensive review of the different theories for explaining family businesses, the three-circle model is considered appropriate for use as a guiding theory in the investigation of the Suzie 'sambal Daging' case from a managerial viewpoint. The validity of the three-circle model has been subjected to academic scrutiny in a variety of contexts, including the lack of explanation for family business performance outcomes (Chua et al., 2003), but much new knowledge has been gained by applying the model conceptually to this case study. Based on the findings, the article discovered an overlapping three-circle symbolising three components of a family business model, namely the owner, family, and business, each of which played a different function in the firm as the Director, Trainer, and Manager (Figure 1). The size of the circles indicates the extent to which management activities are carried out by the individual(s) who are engaged in each component of the system. When applied to this case study, the newly created three-circle model is helpful in describing the social interactions between people in the family company, as well as the complicated organisational management tasks connected with the many stakeholder roles.

The current case study was conducted in an East Malaysian context, which presented a number of cultural challenges. It is possible that different findings may be discovered in other cultures, such as those in Western or Middle Eastern areas where family and non-family members are more open in business or where a paternalistic culture is more prominent. The increasing trend of internet commerce as well as the globalisation of family businesses may have an impact on the implementation of the three-circle model (Alkaabi & Dixon, 2014). As a result, it is recommended that future study investigate the applicability of the three-circle model in family businesses from various cultural backgrounds or between family businesses and non-family businesses. Despite the fact that these in-depth and comprehensive results were derived from a single case study, this article suffers from constraints in terms of sample size and transferability.

It contributes to existing knowledge of the three-circle model in multi-generational family businesses by investigating the actions and degree of management activities carried out by individuals in each circle, with further categorization of their roles into the Director, Trainer, and Manager. As shown in this example, Suzie, the company's manager, believes that updating the company's management, expanding the market, and doing product development are all necessary for the long-term

viability of the family firm. However, a closed approach to conducting business at Suzie 'sambal daging' causes Suzie to pause and reflect on different elements of the business, her family, and the company's owner before making strategic choices for the business.

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Managing small stand-alone bakery brand: Experience of Marina Turiman Bakery

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Abstract

Brand management is vital for SMEs. Similar to managing large firms, entrepreneurs in small enterprises also should heavily invest in brand-building activities. This is because strong brands enjoy several marketing advantages, especially brand resonance. The literature review also stated that SMEs worldwide lack of brand orientation, thus making them less competitive and facing sustainability issues. This case study attempts to discover how the small-stand-alone bakery in the small town implemented the brand strategies. An in-depth interview with the owner of MTB revealed that the enterprise had successfully implemented brand and marketing activities to build a strong brand. Despite operating in a small town, MTB had its own brand identity and relevant brand elements to support its brand equity. Besides, MTB had a distinctive point-of-different through its positioning of 'luxury taste bakery'. MTB's concerns about its community needs and purchasing power, though used premium ingredients, MTB offered affordable prices to its customers. MTB was aware of the urgency of having loyal customers. Hence, MTB consistently promoted its business via social media and gained high engagement. To stimulate trial and rewards its customers, MTB offered special discounts, coupons, and free gifts. This case study adds to new knowledge that SMEs also substantially embraced brand-oriented approaches.

Keywords: SMEs brand equity, bakery brand, customer-based brand equity

1. INTRODUCTION

A brand is evidently curial as an identity and widely used to differentiate between products, services, organizations, people, places, and things. In today's challenging market, a brand commonly associated with a symbol, logo, trademark, name, or sentence in business no longer serves as a company/product's identity per se. The brand makes a memorable impression on customers and implicitly tells what customers could expect from the brand. Neil Parker as cited by Dandu (2015), stated that *"a good definition of brand strategy is the considered intent for the positive role a company wants to play in the lives of the people it serves and communities around it."* During a challenging time such as pandemic novel coronavirus (Covid-19), a strong brand could enjoy customer preference, trust, and loyalty (Edelmen, 2021). According to branding gurus such as Hoeffler and Keller (2003), many organizations were well aware of the urgency of building strong brands as it significantly contributed to several marketing advantages. For instance, the scholars highlighted that a strong brand could facilitate new product evaluation, increase the acceptance rate of brand extension, dominate the market share, improve brand quality perception, enhance brand preference, and increase confidence and purchase intention.

Brand management is not only relevant to giant marketers. In recent years, brand management had gained the attention of small and medium enterprise (SME) owners. Brand management had become a priority in the marketing activities of SME (Dumitriu et al., 2019, Odoom, 2016). This is evidenced as more small business operators had actively engaged in social media platforms to promote and build

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their brand (Suhaimi & Shiratuddin, 2013). The Social Media Marketing Industry Report 2021 revealed that 93% of the marketers used Facebook, and 78% used Instagram to grow their business (Social Media Examiner, 2021). Despite the uncertain economic condition due to pandemic Covid-19, SME contribution to Gross Domestic Product (GDP) in 2019 has increased to 38.9% from 38.3% in 2018 (Ministry of Entrepreneur Development and Cooperatives, 2020). Apart from the statistics, it is recorded that about 98.5% of business establishments in Malaysia are SMEs whereby the majority i.e., about 693,670 (76.5%) SMEs are micro-enterprises (SMEE Corp Malaysia, 2021). From the statistics and considering the significant contribution of SMEs on Malaysian economic growth, branding among SMEs should be equally managed by the owners. This is further supported by Tewary and Mehta (2021) and Chokpitakkul and Anantachart (2020), indicating the dearth of research exploring the role of entrepreneurs in brand building within SMEs context.

1.1 Issues on Micro and Small Stand-Alone Bakery in Malaysia

The global baked food and cereal market is forecasted to grow at a CAGR of 4.2% from 2020 to 2025. The growth is supported by the improved quality and advanced technology employed by the industry. It has also recorded few trends in bread, biscuits, cookies, cakes, and pastries that focus more on healthier products such as low carb & gluten, high fiber, multigrain, and fortified baked food (Dpo International, 2021). In Malaysia, the demand for baked food such as bread, cakes, and pastries is fast-growing and highly dynamic. According to Business Malaysia (2016), the bakery industry in Malaysia comprises stand-alone bakeries, home bakeries, F&B outlet bakeries, and commercial bakeries businesses. Stand-alone bakeries and home bakeries are made up of micro and small enterprise bakeries that complement and compete with giant manufacturers and retailers such as Gardenia Bakeries, Massimo, Mighty White, Rainbows Sprouted, and Fresco Grano (MyWeekendPlan, 2021). Overall, the sales value of manufactured bread, cakes, and other bakery products in Malaysia had increased from RM2.61 billion in 2018 to RM3.03 billion in 2019.

During the pandemic, the rise of the Covid-preneurs (Nathan, 2020), including home-baked bakery items, apparently added to existing competition. Previous researchers agreed that most micro and small enterprises faced fierce competition and difficulties growing the business (Mohamad, Mustapa & Razak, 2021; Ng & Kee, 2017), especially in the bakery business (Kiumarsi, Jayaraman, Mohd Isa, & Varastegani, 2014). Among the highlighted issues facing the micro and small enterprises were limited access to finance, technology disadvantage, and human resource deficiency (Ambad, Andrew, & Awang Amit, 2020; Ting, 2004). Besides, marketing capabilities were also recognized as a critical factor encountered by most micro and small enterprises (Abdul Razak, Abdullah & Ersoy, 2018; Ebitu, Ufot & Olom, 2015; Yoshino & Taghizadeh-Hesary, 2016). More importantly, Mi and Baharun (2013) stressed that SMEs in Malaysia must strengthen branding practices as most SMEs confront branding misconceptions and lack brand appreciation. This is further echoed by Hashim, Tajuddin, and Zainol (2015) that SMEs in Malaysia need a strong brand identity to sustain themselves in a highly competitive market. In addition, managing a brand in a hard time is rather critical, as highlighted by CEO of Arcature Brand Consultancy, Larry Light :

"People assess a brand's worth based on the total brand experience they receive (functional benefits, emotional and social rewards) relative to the total costs (money, time, and effort). But, there is a very important new component to the equation. It is a value multiplier, and that multiplier is trust. Trust is the consumer's belief that the brand will deliver the promised experience relative to the expected costs." – Forbes (2020)

Based on the preceding discussion, this study attempts to examine how a small-stand alone bakery in a small town in Malaysia had implemented branding strategies. Besides, to assess the brand strategies, the marketing activities of MTB were also examined. This is consistent with the suggestion of Keller (2001) on the importance of marketing activities on brand equity building. For the purpose of the study, case study research was carried out. One of the prominent bakery brand in Maran was approached.

2. COMPANY BACKGROUND

Marina Turiman Bakery (MTB) is located 1.5 kilometers from Maran town, Pahang. Maran is a small town situated between Temerloh and Kuantan, Pahang. The total population is around 116,000 people, whereby the main economic activities are based on agriculture with an average income of RM4,678 (Department of Statistic, 2020). Marina Turiman, a graduate from Universiti Utara Malaysia owns the MTB. Marina Turiman is a successful young entrepreneur among the Maran community and is a disabled person (fracture in the leg due to road accidents). MTB was established in 2015 and registered under Sweet Red Enterprise. At the beginning of the business, the owner named her business Make Up Bakery. In 2018, due to several reasons, the name was changed to Marina Turiman Bakery. Currently, MTB offers various cakes and bakeries and operates at D'Mara Bazar Maran R&R and Garden Café at Dataran Tasik Maran. Marina Turiman Bakery opens daily and currently has four staff to support the production and operation. Other similar bakery operators include small homemade bakeries such as Kedai Kek Azliza and Leiyana Bakery & Café. Marina Turiman Bakery had gained several recognitions from various platforms since its establishment. For instance, in 2017, she was awarded as "*Anugerah Khas OKU (Usahawan) – Bulan Kebajikan Negara*" for Pahang state. In 2018, owner of MTB was recognized as "*Usahawan Gemilang*" during the Empower East Coast Economic Region (ECER) convocation ceremony. These awards had brought the attention of several parties whereby Marina Turiman became one of the special guests in "*Selamat Pagi Malaysia*" and "*Luar dari Kebiasaan*" television program by Radio Televisyen Malaysia (RTM) to share her success and business journey.

3. MATERIALS AND METHOD

This study is qualitative in nature and based on a case study approach. An in-depth interview was carried out in December 2020. An in-depth interview enables the researchers to gain precise data on how MTB had managed its brand over time (Rashid et al., 2019). According to the scholars, case study research objectives are to investigate particular issues, including individual, group, institute, or community, in-depth. The case study research also enables the researcher to focus on an individual's behaviors, attributes, actions, and interactions (Brewer & Hunter, 1989).

For the purpose of the study, the owner of Marina Turiman Bakery, namely, Marina Turiman, was interviewed. Besides, her workers and customers were also interviewed to gain more information about the company and consumer feedback on brand strategies. Semi-structured interview questions were constructed accordingly with the guidance and validation from two senior lecturers in marketing. The questions covered the owner's profile, the background of the company, and a few questions on how the company blends its branding strategies.

Besides, a review of newspaper reports and magazines such as *Harian Metro* and *Business Malaysia*, and Internet searches (Department of Statistic Malaysia, SMECorp, MTB's and competitors Facebook pages) were also used to gain relevant information. The observation was made at the surrounding location of MTB, including at the owner's premise.

Following Rashid et al. (2019), the authors interpreted the data based on four steps interpretation processes; 1) raw empirical material, texts from interviews, field notes of meetings and observation and project reported was arranged and sorted. Coding and categorizing the data was made using Nvivo (Wong, 2008) and guided with predetermined level based on Customer-Based Brand Equity Model.

4. FINDINGS AND DISCUSSION

This study aims to investigate how small stand-alone bakery, namely Marina Turiman Bakery in Maran, Kuantan, Pahang managed its brand strategies to sustain today's challenging business environment. The findings are reported based on the interview and observation made by the researchers. Following

Rashid et al. (2019) suggestion, the interview session was recorded and transcribed. As there are limited studies conducted to understand SMEs' brand management, no consensus was agreed on appropriate brand models relevant to SMEs (Odoom, Narteh & Boateng, 2017). As a result, this study is based on the Customer-Based Brand Equity (CBBE) model proposed by Keller (2001), the most cited model in building a strong brand. According to Keller (2001), CBBE shows how business could build their brand equity based on four major foundations. These foundations refer to 1) brand identity (who are you?), 2) brand meaning (what are you?), 3) brand response (what about you?), and finally, 4) brand resonance (what about you and me?). Firstly, according to Keller (2001), an organization should create a relevant brand identity to distinguish them from competitors. Brand identity also could stimulate consumer's brand awareness. Identity could be based on name, trademark, logo, slogan, or even the website address. Secondly, an organization should generate brand meaning which could be translated into performance and imagery. Performance such as product functionality, reliability, and durability could provide relevant brand experience and lead to how the brand appears to the customer. Next, a strong brand should measure brand response regarding how consumers judge the quality, credibility, consideration, and superiority. Besides, an organization also should tap on positive emotions of feelings towards the brand. Lastly, a strong brand required brand resonance which is difficult to be achieved. Brand resonance could be observed via brand loyalty, attachment, engagement, and sense of community (Keller, 2001). Hence, the discussion of the findings will be based on how MTB strategized its branding strategies and relevant marketing programs according to each level in CBBE model.

4.1 Brand identity

Brand identity is related to how the brand distinguishes itself from its competitors. Marina Turiman Bakery was formerly known as Make Up Bakery. The business is a market leader and had gained acceptable brand awareness. In 2018, the owner decided to rebrand the Make Up Bakery to Marina Turiman Bakery. Based on the interview, the owner took this action for several reasons:

- In 2015, when Marina Turiman started her bakery business officially, she also offered bridal makeup services. This service was run on a part-time basis. This was the reason why initially, the business was known as Make Up bakery (combination of makeup services and bakery products). However, after reconsidering the main business development, i.e., bakery, the owner decided to drop the makeup services. Hence, the owner decided to use her own name as a new business identity, i.e., Marina Turiman Bakery.
- As the business grows and gained attention as well as recognition from various parties such as government agencies (such as Welfare Department, Empower ECER, and Radio Televisyen Malaysia) and the surrounding community, the owner decided to employ personal branding. Using her own name as the business identity could simultaneously promote her name. According to the owner, this could also assist the consumer in associating the product with the brand's producer or owner. Using Marina Turiman Bakery, the consumer already knew that the bakery items were produced by their local resident, i.e. Marina Turiman. Numerous literature highlighted that people tend to support local produce accordingly due to benefits gained such as inexpensive and health benefits (Arsil et al., 2014), fresh, organic, and good quality (Euromonitor International, 2014).

MTB also decided to create its own identity by registering its business logo as "MARiMAN" with the Intellectual Property Corporation of Malaysia (MyIPO) to strengthen its brand identity. According to the owner, MARiMAN was chosen due to several reasons;

- It is a combination of her name and her late father's name. This is hoped to facilitate the consumer to trace the producer of the products, easy to pronounce and remember.

- MARiMAN has a Maran DNA. 'MARiMAN' consists of 'MAR', 'im', and 'AN'. In short, it could be read as 'I'm Maran'. The owner wanted Maran community to have in their mind like '*Ingat Maran, ingat MARiMAN*'. Marina Turiman Bakery targeted on 'share of mind'.

Besides the brand name (MTB), the following Figure 1 shows another Marina Turiman Bakery brand element, namely, the product logo:



Figure 1: Marina Turiman Product Logo

Marina Turiman Bakery is a market leader. MTB enjoyed almost 80% of the bakery market in Maran. Besides MTB, another two homemade bakeries are known as Kedai Kek Azliza and Leiyana Bakery & Café are relatively small market players. These competitors focus more on an order-made basis whereby MTB offered both ready-made and custom-made cakes. As a small-stand-alone bakery operator, all the bakeries heavily depended on the social media platform to promote their brands. However, MTB was among the highly engaged brand. Review on social media platforms such as Facebook, MTB has more than 24.480 followers. Meanwhile, Kedai Kek Azliza gained 286 followers, and Lieyna Bakery & Café has 542 followers (owners' Facebook, Feb 2021). Marina Turiman Bakery actively promoted their product via Facebook Live, thus enhance their brand presence in Maran. Based on these records, it is shown that, MTB is dominant and had a better brand awareness and preference. Marina Turiman Bakery had its unique brand name and relevant brand elements. Hence, based on the CBBE model, MTB has good practices of brand identity building.

4.2 Brand Meaning

Brand identity alone is insufficient to achieve favorable brand equity. Businesses should strengthen their brand performance and brand imagery. Brand performance relates to product functionality, reliability, durability, pricing, customer service, and satisfaction. Meanwhile, brand imagery shows how the brand appears to be to customers. Based on the interview:

"Marina Turiman Bakery is not an ordinary bakery. We care about our customer satisfaction. We love Maran community. We are committed to supplying fresh and affordable cakes and bakery items for the Maran community. I believed Maran community deserved to get a better choice, so we committed to offering luxury taste bakery at an affordable price" – owner, Marina Turiman Bakery.

Brand performance largely depends on product performance. The higher the product performance and quality, the higher the brand performance (Casidy & Wymer, 2016). Based on the interview, MTB had positioned its product as '*Luxury taste bakery MARiMAN- Kek rasa mewah MARiMAN*' to give meaning to the brand. Even though dealing with small-town communities, the owner believed the consumers should be treated equally as consumers in the urban region. Hence, the owner decided to position her products as a luxury taste bakery (product functionality). Due to that, Marina used high-quality ingredients from branded manufacturers. For instance, chocolate used in the cakes was based on a well-known manufacturer, namely Beryls Chocolate. More importantly, MTB committed to ensuring the ingredients used were '*halal*' (product reliability). MTB offered diverse cake choices with various

flavors (such as chocolate indulgence, vanilla, strawberry, mango, oreo, pandan, red velvet, blueberry, and many more). It also offered their customers with multiple sizes (such as 5', 6' or in slices) and price ranges (RM5 to RM100). Marina Turiman Bakery also employed a price-bundling strategy, especially for desserts (pricing strategy). Besides cakes, MTB also offered numerous desserts such as cheese tart, brownies, bomboloni, cream puff etc. MTB also offered delivery services and surprise delivery services to the Maran community (customer service). Due to overwhelming demand, the production cycle of MTB was short, which was within two to three days. Hence, MTB could offer tasty, fresh, and durable cakes at an affordable price (durability).

Based on the preceding discussion, MTB had carefully designed its product offerings with adequate performance in terms of functionality, reliability, pricing, customer services, and durability. Using an appropriate brand positioning such as luxury taste bakery, consumers could imagine how the brand should perform. Hence, based on CBBE, it shows that MTB had adequate brand meaning implementation.

4.3 Brand Response

Brand response relates to how customers judge the brand and feeling towards the brand. At this level, consumers will judge the quality, credibility, consideration, and superiority of the brand and form a positive or negative feeling towards the brand. When the owner was asked about customers' reaction to re-branding that took place when the brand had well aware, the owner responded:

"Alhamdulillah, I never regret the decision that I've made to rebrand Make Up Bakery to Marina Turiman Bakery when the brand is already known and popular among Maran community. I really need to associate my product with myself whereby I think I should utilize my name as an identity. When I decided to drop my makeup services, so I think I need to rebrand to avoid confusion among the customers. This is more on personal branding. And again, using MARiMAN logo allowed me to register my trademark. Most of my customers are happy with the trademark because they can clearly identify the trademark and the owner, Marina Turiman" - owner, Marina Turiman Bakery.

Based on the interview, MTB committed to offering quality luxury taste bakery and consistently measuring customer satisfaction via customer feedback and suggestion. Based on the review on social media platforms related to MTB, it was supported that customers had a positive feeling towards MTB. Most customers praised MTB for offering delicious and superior quality cakes at an affordable price and showed their willingness to repurchase. Based on the interview with few customers, they responded on few statements regarding quality, credibility and consideration of the brand:

Brand quality:

"Oh, I choose Marina because all the items here are very delicious and fresh. My kids love it. The price is also cheaper and is value for money. This is not my first purchase" - customer A.

Brand consideration:

"Yes, we have other bakeries, but I come here because Marina offers many selections, the place is convenient, affordable to Maran people, and the staffs are friendly" – customer B.

Brand credibility:

"I'm local, I support local brands from local people. Like people said, BMF. This bakery is also a trusted brand. It is the first bakery in Maran" – customer C.

Based on the above statements, it shows consumers had a favorable attitude and feeling towards the brand. Also, appreciate the quality and credibility of this small stand-alone bakery to service the Maran community. A plausible reason for such brand response is that MTB offered a wide variety of choices and customized items, thus matching their customers' needs and requirements. This could delight customers. To date, no negative feedback and comments from the customers on MTB's social media channels. More importantly, MTB gained brand referrals through positive word-of-mouth.

4.4 Brand Resonance

Brand resonance is the final stage in CBBE model. This stage is among the highest stages most companies attempt to reach. Brand resonance is all about the relationship between consumers and brands. A strong relationship between consumers and brands leads to repeat purchases, loyalty, engagement, and a sense of community (Keller, 2001). According to the CBBE model, brand resonance is derived from favorable consumers' judgments and feeling towards the brand. Judgments and feelings are justified by brand performance and imagery experienced by the consumers. These experiences only could take place when the brands are well aware by the consumers.

Based on the observation and interview with the owner of MTB, it was recorded that MTB's brand identity was well accepted. Maran communities had a higher brand awareness and preference towards MTB over its competitors. Marina Turiman Bakery differentiated its offerings by positioning its cakes and bakery items as 'luxury taste bakery'. An interview with the customers revealed that they had experienced the luxury taste of the cakes and were satisfied with the offers. Few of them indicated that they were willing to repeat purchases from MTB. Hence, it could be concluded that MTB gained a substantial brand resonance, specifically in terms of repeat purchase and loyalty. How could a small stand-alone bakery like MTB reach this stage? Based on the observation and interview, it could be concluded that MTB could be classified as high performing enterprise. According to Odoom (2016), a high-performance enterprise is brand-oriented, had a distinctive brand identity, formulating proper marketing programs and integrated marketing communications, and leveraged secondary associations (such as government agencies awards and recognitions, local producer branded ingredients). Marina Turiman Bakery has a good product mix, a clear brand positioning, and provides adequate customer services. Besides, MTB continuously offers sales promotions such as discounts and free gifts/coupons to its loyal customer. Usage of traditional media such as flyers and brochures is also commonly used by MTB to create awareness and remind the customers.

"We still use traditional ways to introduce our products to Maran community. We use brochures and flyers and distributed them within the Maran district. This is because not all Maran people prefer social media. So this is an alternative way how we connect to customer and at the same time, the brochures and flyers help to remind the customers on our existence" – the owner, Marina Turiman Bakery.

'*Ingat Maran, Ingat MARiMAN*' slogan had created a strong brand association. This form of brand element helps MTB to create brand awareness and brand recall among the community. According to Altshuler and Tarnovskaya (2010), the brand name serves as a product quality guarantor whereby brand elements such as logo and slogan strengthen the brand identity in a unique way. Despite having a good

brand relationship, however, during the interview, the owner stated, "What is lacking from our side is that we don't have a proper customer database. We plan to have it in the near future as I believed it would benefit our business".

The following Figure 2, summarize the finding for coding references.



Figure 2: Marina Turiman CBBE Model

5. CONCLUSION

In conclusion, entrepreneurs in small stand-alone bakeries also managed to handle brand management similar to a large firm. However, the difference perhaps in terms of the scale and magnitude of the branding effort due to limited resources. It is revealed that SMEs heavily depend on social media to assist them in brand-building activities. The results add to the new knowledge on how SMEs practiced their brand orientation based on CBBE model. Based on this research case, brand orientation is viable among small stand-alone bakeries like Marina Turiman Bakery. The owner had initiated to have a distinctive brand identity and had a clear point-of-different through its brand positioning –luxury taste bakery. Marina Turiman Bakery is committed to offering superior products and quality by using branded and halal ingredients. Despite highlighting the 'luxury' elements, the owner did not compromise on the affordable price and value for money that suits the small-town community purchasing power. Besides, MTB had actively engaged in social media to create awareness and remind the customers. To stimulate the trial and repeat purchase, MTB employed special price discounts and coupons. The ability of MTB to deliver the brand promise to its customers further strengthens the brand image via brand referrals such as positive word-of-mouth and brand recommendations. Marina Turiman Bakery- a high-performance enterprise secured consumers' trust and played a positive role in the lives of the Maran community through its brand promise.

This study adds to existing knowledge on the applicability of CBBE model on a small-stand-alone bakery in a small town. Based on the findings, it shows that entrepreneurs had acknowledged the importance of brand management though operated in small towns such as Maran and be able to strategize their marketing strategies to build relevant brand image and reputation. This further adds the understanding that with the availability of relevant training and workshop, owners of micro-enterprises had opened their minds in managing the brand and had a clear direction on how to manage it. Besides, based on the findings, to remain resilient, brand owners should invest adequately in brand building activities such as creating appropriate brand identity through logo, slogan, and trademark. Owner of the brands also sufficiently planned for their brand meaning to fulfill customer needs and expectations. Accordingly, owners of the brands also need to monitor their brand satisfaction and strengthen the brand bond with the customers. Further study should be based on quantitative to explore the relationship of each level on how these components build up the brand equity.

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Student Intercultural Competence Issues in a Malaysian Campus: The Case of RAKAN CAS

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Abstract

Intercultural competence is viewed as a critical educational outcome for students in higher education. Research in the past have most often focused attention on how such outcome is achieved within the context of study abroad programs where students gained experiences in foreign countries. There is paucity of literature that investigates intercultural competence on students who had not traveled abroad yet were given opportunities to engage with foreigners within the comfort of their home culture. This paper investigates the case of RAKAN CAS, a formally established student volunteer unit in a Malaysian campus that has been active at engaging with foreigners in the campus. This paper aims at exploring issues of intercultural competence that the RAKAN CAS encountered in their experiences with foreign counterparts. Using in-depth interviews with the RAKAN CAS, two important issues were identified: connecting through language and grasping with cultural differences. Connecting via language deals with the issue of one's (in)competencies in using language to connect effectively with others. Grasping with cultural differences highlights the issue of cultural awareness. Driven by the two themes, the paper concludes on the important role of higher learning institutions to foster development of intercultural competence among students.

Keywords: Intercultural competence, RAKAN CAS, language, culture, student

1. INTRODUCTION

Intercultural competence refers to one's ability to demonstrate effective and appropriate behaviors within intercultural situations (Deardorff, 2020). Effective behaviors concern with achieving successful communication (Xiao & Chen, 2012). Appropriate behaviors deal with avoiding or violating social or interpersonal norms, rules, or normative expectations for interaction (Yeh, 2010). To achieve effective and appropriate communication, competence requires these three interconnected factors: motivation, knowledge, and skills. Spitzberg (2012) suggests that motivation refers to the many positive and negative valences that move a communication toward, against, or away from a particular path of activity. Knowledge represents the possession and understanding of resources that inform the enactment of skills in each context. Skills are repeatable goal-directed behavioral sequences producing some level

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of goal achievement. Given the rapid process of globalization that requires young people to develop intercultural competence, it is therefore sensible that universities must address intercultural competence among students

This paper brings forth a preliminary study on student intercultural competence. Specifically, this paper aims to explore issues of intercultural competence that students experienced in their interaction with their foreign counterparts. Data were extracted from a case study project that investigated RAKAN CAS, a formally established student volunteer unit who were active at assisting foreign students in a Malaysian campus. The students' perspective offered rich insights on the the issues of intercultural competence.

2. PROBLEM STATEMENT

Development of intercultural competence among students is recognized as an important agenda for educational institutions. This agenda warrants that students as future generations should be made prepared for the complex intercultural world in which they are bound to encounter communication challenges with people who hold different values and mindsets (Deardorff, 2006; Holmes & O'Neill, 2012; Liu, 2009; Lustig & Koester, 2010; Ting-Toomey, 2015). This heightens the role of educational institutions in equipping students with relevant competencies to manage differences (Dalib et al., 2017a; 2019a; 2019b).

Within the context of higher education, research in the past have most often focused attention on how intercultural competence is achieved among study abroad students via overseas immersion (see Zhang, 201). Accordingly, the issues of student intercultural competence were situated within study abroad context which include among others; adjustment, adaptability, and culture shock (see, for example; He, Lundgren & Pynes, 2017; Maharaja, 2018; Nguyen, 2017). While previous research is useful, arguably, the percentage of students who studied abroad is relatively small due to economic factors that influence their decision to study abroad. As such, the existing perspective falls short in capturing issues of intercultural competence that resonates with such target group of students. With this in mind, there exists the need to probe intercultural competence among domestic students who do not study abroad but represents much of a larger population within a university setting. This need is further elevated given the internationalization-at-home strategies where universities are proactive at encouraging domestic students to engage with foreigners within their own local setting. The initiatives include, among others, inviting students to become volunteers in assisting their foreign counterparts within the campus.

The initiatives taken by universities suggest that students can experience intercultural interaction which will eventually help them develop intercultural competence. While this view is commendable, encouraging students to engage in intercultural interaction alone may not automatically confer with intercultural competence (Deardorff, 2020). Rather, it is quite possible that the interaction is surrounded with challenges which may leave students with issues on developing intercultural competence. Hence,

it is imperative to investigate students' insights on the issues of their intercultural competence. Exploring such insights serves as an important input for apprehending students' competency and the intervention strategies needed for developing intercultural competence.

3. RESEARCH QUESTION

What were the issues of intercultural competence that students encountered in their experiences with foreign counterparts?

4. RESEARCH METHOD

This study adopts qualitative research method that investigates the subjective understanding of the topic under study. The following section explains research context, informant, data collection method and analysis of the study

4.1 Research context

This preliminary study focuses on the Student Development and Alumni office, CAS (known as PPA CAS) in Universiti Utara Malaysia. This office aimed to produce global students with the necessary skills to become effective global citizens. In consistent with this aim, the PPA CAS has formally established the CAS Representative Association (RAKAN CAS) in 2014. The Deputy Dean of PPA CAS was formally appointed as the advisor to the RAKAN CAS. The advisor has positioned RAKAN CAS as an important student volunteer unit to assist the PPA CAS in their services to incoming international students, particularly those who attended the inward mobility program in the campus. Currently, this association holds 75 members consisting ethnically diverse backgrounds.

The RAKAN CAS took the role in assisting the inward mobility students (referred as foreign buddies) with procedural aspects such as doing pick-up services, assisting for medical check-up, and registering for classes. The PPA CAS also collaborated with the RAKAN CAS to host several activities with their foreign buddies to help ease social adjustment of the latter in the campus. Additionally, the PPA CAS also hosted several international seminars in the campus within which the RAKAN CAS were taken as the main committee. This approach was taken to enhance their experiences with people from other countries. To date, they had organized two international seminars, namely the ASEAN University Youth Summit 2019 and Southeast Asia Teacher Evaluation Meeting 2019. Through these activities, the RAKAN CAS were given hands-on experience with foreign participants

4.2 Informant

The RAKAN CAS were contacted by the assistance of the PPA CAS administrator. Students who have joined the RAKAN CAS for at least one year were chosen as informants for the study. This enables for inclusion of informants who had considerable amount of experience with foreign buddies. Accordingly, four RAKAN CAS were approached for this preliminary research and majority of them studied in the fifth semester. The following table indicates gender, program of study, duration of experience with foreign buddies and semester of the informants.

Table 1. Profile of informants.

Informant	Gender	Program of study	Experience	Semester
Informant 1	Male	Bachelor of Social Work	2 years	5
Informant 2	Male	Bachelor of Counselling	1 year	3
Informant 3	Female	Bachelor of Media Technology	2 years	5
Informant 4	Male	Bachelor of Business Mathematics	2 years	5

4.3 Data collection method and data analysis

In-depth interview was used to collect data from the informants. The study adopts semi-structured interview that orient the informants to reflect on their experiences. A series of questions were posed to probe the informants. They were asked to reflect on the experiences encountered with their foreign buddies in the campus, whether they felt barriers or challenges in their communication with the latter and whether they felt necessary to communicate in a good way with the foreign buddies they were interacting with. The interview was conducted within the length of 60 to 90 minutes using Malaysian language. The interview was then transcribed and translated into English. A systematic step of thematic analysis technique suggested by Braun and Clarke (2006) was followed to analyze data from the interview. The data were coded into themes that emerged through the informants' voices rather than a predetermined codes suggested by an intercultural competence model. The emergent themes were then compared to existing literature on intercultural competence.

5. FINDINGS

Findings indicate two main issues of intercultural competence. The issues are categorized into the following main themes: Connecting through language and Grasping with cultural differences.

5.1 Theme 1: Connecting through language

The informants viewed that language serves as a critical connecting tool, within which lack of such ability to use language would reasonably hinder effective interaction. In view of this, English is notably an important connecting tool that enables their interaction with foreigners. However, given that English is not much used in daily conversations with others, Informant 1, 2 and 4 admitted having some difficulties with their English language proficiency. Informant 2 claimed, “It’s not that I can’t speak in English at all, I can (speak)... but with broken English”. They felt that such difficulties to speak smoothly in English has somewhat influenced their confidence to interact effectively with their foreign buddies. Consider this statement from Informant 4, in which he resorted to asking a friend to assist his interaction:

Informant 4 : My English (proficiency) is quite low..I’m not that fluent.. but I can speak basic English. Most of mobility students speak with very good English and quite high level. Unlike me.. I use very simple English. I understood what they said, but I don’t know how to respond in good English. At times, I just responded (using broken English). If I don’t understand what my buddies said, I bring a friend who has good English.

Researcher : Who do you usually bring with you?

Informant 4 : Other RAKAN CAS

Researcher : So there are RAKAN CAS who can speak good English?

Informant 4 : Yes. if I don’t understand what my foreign buddies ask and the English level is quite high, I will ask help from other RAKAN CAS. Anyway, if my foreign buddies speak English at my level (basic English), I can respond.

Additionally, lack of confidence in using English has also led Informant 1 to experience some interaction barriers when organizing international seminars:

Researcher : How did you feel when meeting international participants in your hosted seminars?

Informant 1 : We had many participants from the Philippines. I found it hard to talk because of my English... there were questions (in English) they asked I could not answer. They asked so many things.

The informants shared that the PPA CAS has made efforts to help increase their confidence in using the English language. The efforts include, among others, organizing joint programs in the neighboring countries (such as Thailand, Indonesia, Vietnam, and Cambodia). Such programs enable them to practice their speaking skills. The informants noticed that over the course of time participating in many international programs, they experienced some positive improvements. For example, Informant 2 claimed “I could see changes in terms of my confidence. Although there is not much... but I at least I have improved. I used to be shy (to speak in English)..but now I can speak better ”.

Apart from organizing joint program, the informants reported that the PPA CAS also took the initiative of sending some RAKAN CAS for a short-term outbound mobility program to help improve their language proficiency and gain exposure of different cultures. In such a program, the students were required to spend approximately two weeks in a foreign campus and participated in cultural immersion activities with the host members. Given the cultural immersion experience, the informants acknowledged that they have not only improved self confidence but also gained some knowledge about the host culture.

While Informant 1, 2 and 4 tend to focus on self-confidence issues of their language use, Informant 3 commented that she has a good command of English. Nonetheless, she had her own unique challenges when interacting with foreign buddies who had limited ability to speak English. Although she was willing to assist, she felt the interaction was “very effortful”. Consider the following excerpt:

- Informant 3 : I used to assist Mainland Chinese students. Most of them speak very little English.
- Researcher : So how did you interact?
- Informant 3 : We used hand phones.... their hand phones, not mine. I wrote in English and then they translated to Chinese (language).
- Researcher : Did you remember what you write?
- Informant 3 : I wrote “what is your name”? and they did not understand.
- Researcher : They did not understand that?
- Informant 3 : No. Fortunately, I have a list of their names. I just follow the list.
- Researcher : How did you feel?
- Informant 3. : At first, I felt like I do not want to speak to them anymore.. but... I had to deal with it. They will use their hand phones... It was slow because I must wait for them. They need to type up each word... find the words in their dictionary and then translate the words.

5.2 Theme 2: Grasping with cultural differences

The experience with foreign buddies led the informants to grasp with cultural differences. With this in mind, the informants shared how they perceived the behaviors of their foreign buddies in which they found differ from their own cultural norms. This has somehow mooted the informants to observe and learn about “appropriate” behaviors across many cultures. For example, Informant 1 shared one situation where he offered a campus tour to his Indonesian buddies by the intention of “just being nice”. This gesture resonates with the Malay idiomatic expression as “ajak-ajak ayam” which suggests the idea of not having the real intention to invite a person. Being unaware of cultural difference, he felt surprised when his Indonesian buddies took his invitation very seriously:

There was one time I said to them “nanti saya bawa awak jalan-jalan kampus” (I will take you for a campus tour) but I didn’t really mean it. I just wanted to be nice. To my surprise, they asked me several times about the campus tour. They seemed to take it very seriously. I learned that I had to be more careful next time... not to give them any promise if I can’t deliver it.

For Informant 3, she observed differences among her Indonesian buddies (males and females) on how they mingle with one another. She commented:

I see my Indonesian buddies are quite “easy going” when it comes to mingling with the opposite sex. I was quite surprised to see that. As a Muslim and given my Malay way of taking my religion seriously, I am very cautious to not simply touching my male friends when I mingle with them. This is quite different with them.... It is okay for male and female friends to shake hands and touch each other in a friendly way, although they are all Muslims.

Informant 4 shared similar experience. Given that he has been to Indonesia for his mobility program, he understood their ways of mingling as he commented :

When I was there, I see they were quite loose in terms of male-female mingling. If there's physical touching between male and female, it is normal. If it involves lecturers (i.e. male) and students (female), they shake hands. When I first see it, I felt awkward. When I compared to my own experience here in Malaysia, I just say the *salam* greetings to my female lecturers and leave without shaking hands. Anyway, I've got used to it. I see my Indonesian buddies just do this gesture amongst them, not with our Malaysian lecturers.

The informants acknowledged that being a student volunteer opens the door for them to engage and interact with people from many cultures. From such engagement, they were able to observe and learn acceptable behaviors across many cultures. However, such learning occurred through encountering “surprising behaviors” in which they had to take time to learn and patience to observe. The informants commented it would be more helpful if they were provided a proper knowledge about cultural differences. This would assist them to be more receptive towards cultural differences. Accordingly, the informants suggested that a proper training is needed to help them learn cultural differences and manage their interaction more appropriately and effectively. Consider this excerpt from Informant 2:

Researcher : Do you think it is necessary to have a program to help students with necessary cultural skills? Why?

Informant 2 : There should be (a training program).. we can learn how to communicate with people from other cultures. It is necessary that the program includes some general knowledge about cultural differences. This is an important knowledge for all of us.

The informants acknowledged that the PPA CAS has offered various soft skill training. However, much of the training was centered on developing leadership and entrepreneurial skills. There has not been any formal training or intensive courses to help them build knowledge and skills for their competencies. The students commented the efforts that had been made by the PPA CAS in helping them develop self-confidence were commendable. Equally, they felt that similar efforts should be taken to help them raise awareness of cultural differences.

6. Discussion

The first theme addresses the issue of connecting with others through language. Within the context of interaction with multicultural and multilingual speakers, notably, English serves as the primary language and connecting tool between multicultural/multilingual speakers. As the finding indicates, connecting with others through such language includes the informants' perception of their own language proficiency. Language proficiency deals with one's ability to use language to achieve communicative purpose. This ability entails that a proficient individual has a good command of the language, can express clear ideas, and feel comfortable with interaction (Renandya et al., 2018). This finding supports previous research within Malaysian context that shows language proficiency as an important element of intercultural competence (Dalib et al., 2017; Dalib et al., 2018, 2019a, 2019b). Interestingly, the informants seemed to be primarily concerned with their speaking skills. This finding corresponds with the idea that among all other language skills, speaking is seen as an exclusive tool to effective communication (Gurler, 2015).

It is also telling that the study suggests relationship between students' language proficiency and their self-confidence. This finding supports research within the language learning field that indicates significant correlation between self-confidence and English-speaking skills given that self-confidence facilitates individuals to start conversation (Barrett, 2018; Gurler, 2015; Trinidad, 2018). The findings suggested that language proficiency and self-confidence work as important facilitating factors for the informants to speak and engage with people from other cultures. These abilities can be considered as a prerequisite condition to connect effectively with others. In the light of this condition, it is telling that the PPA CAS took initiatives to help students improve their language proficiency. This finding exemplifies the specific intervention strategy within which higher learning institutions can take to help raise students' self-confidence and language proficiency for their intercultural competence. Apart from self-confidence and language proficiency, the finding also indicates the case of an informant who has good command of English. In such a case, the issue of connecting seems to highlight language ability of the other person. When such ability of the other person is very much limited, the informant needs to cope with the other's incompetency. This finding corresponds with *foreigner talk* (see Dalib et al, 2019b) that resembles the way students speak with their foreign buddies who have limited ability to speak English. In this regard, the informants resorted to have patience to sustain the interaction and used strategies to accommodate the other person.

The second theme highlights the issue on grasping with cultural differences. In view of this, the informants reflected on their experiences encountering "surprising" behaviors of their foreign buddies. This finding corresponds with the literature that indicated the critical importance of appropriateness in intercultural competence (Deardorff, 2020). Given that the informants acknowledged the importance of understanding expectations on communication behaviors that culture prescribes, they recognize, the importance of having knowledge on cultural differences that enables them to be receptive to their foreign buddies. It is telling that the informants noted that experience alone is not sufficient to acquire awareness on different cultures. As such, it is also equally important to have a proper training on appropriate behaviors across cultures. This finding supports previous literature that indicate training for intercultural competence (Kural, 2020; Schwarzenthal et al., 2020). Specifically, this study points a concern on the need for intercultural competence training targeted at non-mobile students to help them improve intercultural exchanges on campus, particularly within their own local setting.

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Kajian Kes bagi Cadangan Pelaksanaan Piawaian Perakaunan Islam bagi Institusi Baitulmal, Zakat dan Wakaf di Malaysia

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Abstract

Accounting standards that meet Syariah requirements and standardize the presentation of financial reporting for Baitulmal, Zakat and Wakaf Institutions (BZWI) are being developed by the Accountant General's Department of Malaysia. The Islamic Accounting Standards for Baitulmal, Zakat and Wakaf Institutions are developed to increase the level of comparability, relevance, and also reliability of BZWI financial reporting. Therefore, this study will discuss some proposed implementation of the early application of the standards in several BZWI in Malaysia. This case study was employed three methods of data collection, namely reviewed of documents issued by these religious institutions, semi-structured interviews with representatives of BZWI and consultation with experts to achieve the objective of the study. This study suggests several improvements to the financial statements to enhance the quality of BZWI's financial reporting. For instance, general information regarding the institution and the Council Reports should be provided as part of the financial statements. In addition, the list of BZWI Syariah Advisory and their roles, as well as the BZWI's five -year performance highlight should be disclosed in the annual report. The study also recommends BZWI to disclose important information on their websites and develop smart applications to ensure transparency and to increase the efficiency of BZWI. Thus, the institutions may need to look for an effective implementation strategy by taking into account the implications on human capital, technology and financial resources. Hopefully, BZWI will be better prepared to adopt the standards in the near future to manage the property of Muslims more effectively and efficiently.

Keywords: Baitulmal, Zakat and Wakaf Institutions (BZWI), Islamic accounting standards, financial reporting, case study

Abstrak

Piawaian perakaunan yang memenuhi keperluan Syariah dan menyeragamkan pembentangan pelaporan kewangan bagi Institusi Baitulmal, Zakat dan Wakaf (IBZW) sedang dibangunkan oleh Jabatan Akauntan Negara Malaysia. Piawaian Perakaunan Islam bagi Institusi Baitulmal, Zakat dan Wakaf (PPIBZW) ini dibangunkan untuk meningkatkan tahap kebolehbandingan, kerelevanan, dan juga kebolehpercayaan pelaporan kewangan IBZW. Maka, kajian ini akan

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membincangkan beberapa cadangan pelaksanaan pemakaian awal PPIBZW di beberapa IBZW di Malaysia. Pendekatan kajian kes dengan mengguna pakai tiga kaedah kutipan data iaitu semakan dokumen yang dikeluarkan oleh institusi agama ini, temu bual separa berstruktur dengan wakil-wakil IBZW dan perundingan bersama pakar bagi mencapai objektif kajian. Kajian ini mencadangkan beberapa penambahbaikan kepada penyata kewangan untuk memantapkan kualiti pelaporan kewangan IBZW seperti maklumat am mengenai institusi dan Laporan Ahli Majlis perlu disediakan sebagai sebahagian daripada penyata kewangan. Selain itu, senarai Penasihat Syariah IBZW dan peranannya, serta sorotan prestasi IBZW selama lima tahun harus didedahkan di dalam laporan tahunan. Kajian ini turut menyarankan kepada IBZW untuk mendedahkan maklumat penting dalam laman sesawang dan membangunkan aplikasi pintar bagi menjamin ketelusan dan meningkatkan kecekapan IBZW. Justeru itu, institusi terlibat perlulah melihat kepada strategi pelaksanaan yang berkesan dengan mengambil kira implikasi kepada modal insan, teknologi dan sumber kewangan. Diharapkan, IBZW akan lebih bersedia dalam menerima pakai PPIBZW dalam masa terdekat agar harta umat Islam dapat diuruskan dengan lebih efektif dan efisien.

Kata kunci: Institusi Baitulmal, Zakat dan Wakaf (IBZW), piawaian perakaunan Islam, pelaporan kewangan, kajian kes

1. PENGENALAN

Ketiadaan satu piawaian khusus kepada Institusi Baitulmal, Zakat dan Wakaf (IBZW) menyebabkan institusi berkenaan menggunakan piawaian yang sedia ada dalam merekod dan menyediakan laporan tahunan mereka di samping akta dan peraturan yang diterima pakai di peringkat persekutuan. Di antara piawaian, akta dan peraturan yang diterima pakai oleh IBZW termasuklah *Malaysian Private Entity Reporting Standard* (MPERS), *Private Entity Reporting Standard* (PERS), *Malaysian Financial Reporting Standard* (MFRS), *Malaysian Public Sector Accounting Standard* (MPSAS), Akta Badan Berkanun 1980 dan Amalan Terbaik Pengurusan Kewangan Majlis Agama Islam. Pemakaian piawaian yang berbeza ini menyebabkan wujudnya ketidakseragaman di dalam pelaporan kewangan dan penggunaan istilah oleh IBZW. Oleh itu, tahap kebolehbandingan, kecekapan dan pengurusan di antara institusi akan turut terkesan.

Secara umumnya, penambahbaikan kepada amalan perakaunan dan pelaporan kewangan IBZW amatlah diperlukan untuk meningkatkan kualiti perakaunan dan pelaporan kewangan IBZW dalam aspek ketekalan, kebolehbandingan, kerelevanan, dan juga kebolehpercayaan (*reliability*). Maka, penggubalan satu piawaian yang khusus untuk IBZW adalah amat penting dalam mewujudkan satu keseragaman dalam amalan perekodan dan pelaporan kewangan IBZW. Menyedari tentang kepentingan ini, Jabatan Akauntan Negara Malaysia dengan kerjasama beberapa buah universiti tempatan di Malaysia telah memulakan kajian bagi menggubal satu piawaian perakaunan Islam (PPI) yang komprehensif dan praktikal bagi IBZW di Malaysia. Setelah beberapa peringkat kajian, akhirnya PPIBZW berjaya digubal dan ianya dalam proses pemakaian awal oleh IBZW. Pemakaian awal ini adalah bermula bagi tahun kewangan 2021. Oleh yang demikian, kajian ini akan membincangkan beberapa cadangan pelaksanaan pemakaian PPIBZW di beberapa institusi terlibat iaitu Majlis Agama Islam Negeri (MAIN) A, Lembaga Zakat B, MAIN C, MAIN D, MAIN E dan MAIN F.

Beberapa cadangan penambahbaikan telah diketengahkan seperti penyediaan satu set Penyata Kewangan bagi IBZW yang lengkap seperti Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Kutipan dan Agihan Zakat, Penyata Perubahan Dana, Penyata Aliran Tunai, Penyata Bajet, dan Nota kepada Penyata Kewangan. Selain itu, maklumat am mengenai institusi dan Laporan Ahli Majlis perlu

disediakan sebagai sebahagian daripada penyata kewangan. Senarai Penasihat Syariah IBZW dan peranannya, serta sorotan prestasi IBZW selama lima tahun juga harus didedahkan di dalam laporan tahunan. Ini bagi mewujudkan satu penyeragaman format penyata kewangan dan pemantapan nota kepada penyata kewangan bagi memenuhi konsep pendedahan penuh, meningkatkan tahap ketelusan dan akauntabiliti sosial.

Struktur kajian ini adalah seperti berikut. Seksyen berikutnya menerangkan tentang sorotan karya dan ia diikuti dengan penjelasan kaedah kajian. Seksyen seterusnya membincangkan penemuan kajian serta kupasan penemuan tersebut. Akhir sekali adalah seksyen penutup yang turut membincangkan beberapa limitasi serta cadangan untuk kajian akan datang.

2. SOROTAN KARYA

Pada dasarnya, pendedahan berkaitan dengan maklumat perakaunan akan dibuat pada muka penyata kewangan, nota-nota kepada akaun dan melalui polisi-polisi organisasi yang berkenaan. Pendedahan maklumat perakaunan seperti aset, liabiliti, hasil dan belanja merupakan tuntutan penting dalam Islam (Derashid, Ku Ismail, Abu Bakar, Sawandi, Abdul Wahab, Shaari, 2020). Islam menyarankan beberapa prinsip utama pendedahan maklumat perakaunan, antaranya iaitu pendedahan penuh dan akauntabiliti sosial. Ini akan dijelaskan dengan lebih terperinci dalam seksyen berikutnya.

2.1 Pendedahan Penuh

Prinsip pendedahan penuh dalam Islam dikaitkan dengan pendedahan maklumat yang relevan dengan mendedahkan semua fakta secara benar dan adil tentang perkara-perkara yang sedang berlaku dalam sesebuah entiti (Lewis, 2001). Dalam konteks Institusi BZW, pendedahan maklumat perakaunan perlulah dibuat berdasarkan kepada kumpulan wang tertentu seperti Wakaf, Baitulmal dan Zakat agar lebih telus dan mudah difahami (Sawandi, Derashid, Ku Ismail, Abu Bakar, Abdul Wahab, Shaari, 2020).

Ini ditegaskan dalam nas Al-Quran yang mana Allah SWT telah berfirman yang bermaksud:

“Musa berkata: Sesungguhnya Allah berfirman bahawa lembu betina itu adalah lembu betina yang belum pernah dipakai untuk membajak tanah dan tidak pula untuk mengairi tanaman, tidak bercacat, tidak ada belangnya. Mereka berkata: Sekarang barulah kamu menerangkan hakikat lembu betina yang sebenarnya. Kemudian mereka menyembelihnya dan hampir saja mereka tidak melaksanakan perintah itu”.

(QS Al-Baqarah 2:71)

Selain itu, tujuan pendedahan maklumat perakaunan adalah untuk menjaga kepentingan awam kerana masyarakat atau ummah mempunyai hak untuk mengetahui tentang kesan operasi sesebuah organisasi itu sama ada membawa kesejahteraan dan memenuhi kehendak syariat ataupun tidak (Lewis, 2001). Pendedahan maklumat yang benar dan relevan adalah penting dalam pelbagai aspek kehidupan Islam. Ini kerana terdapat tanggungjawab seperti membayar Zakat yang mana pengiraannya memerlukan pendedahan nilai aset dan liabiliti berdasarkan tuntutan Islam demi membantu golongan yang memerlukannya (Sawandi et al., 2020). Prinsip pendedahan penuh juga diperlukan untuk meramal obligasi pada masa hadapan dan risiko pelaburan dalam urus niaga yang membabitkan perkongsian perniagaan (anak syarikat contohnya) yang dilibatkan oleh IBZW.

2.2 Akauntabiliti Sosial

Hisab atau akaun adalah asas kepada perakaunan. Selain itu, menerusi konsep “khalifah”, manusia hanyalah pemegang amanah terhadap apa yang telah diberikan oleh Allah SWT dalam bentuk barang, harta benda dan aset tidak nyata. Kejayaan seseorang muslim di dunia dan akhirat bergantung kepada sejauh mana dia menggunakan dan melaksanakan apa yang telah diamanahkan kepadanya. Ini bermakna setiap muslim mempunyai “*akaun*” dengan Allah SWT yang mana ia tercatat segala tindakan yang baik dan buruk sepanjang kehidupannya di dunia ini. “*Akaun*” itu akan berterusan sehingga hari kematian dan Allah SWT akan menunjukkan kepada semua akaun mereka pada hari pembalasan. Penegasan ini bertepatan dengan firman Allah SWT yang bermaksud:

“Maka bagaimanakah halnya apabila mereka (orang-orang munafik) ditimpa sesuatu musibah disebabkan perbuatan tangan mereka sendiri, kemudian mereka datang kepadamu sambil bersumpah: Demi Allah, kami sekali-kali tidak menghendaki selain penyelesaian yang baik dan perdamaian yang sempurna”.

(QS An-Nisa’ 4:62)

Maka, persamaan asas antara hisab dalam Islam dan perakaunan bergantung kepada akauntabiliti setiap muslim untuk menjalankan tugas seperti yang telah disyariatkan oleh Islam. Menurut Abdul Rahim (2010) dua prinsip di atas bermaksud keperluan kepada para penyedia akaun untuk mendedahkan segala maklumat yang berguna dan penting kepada pengguna maklumat perakaunan untuk membuat keputusan. Pendedahan yang sedemikian dibuat adalah atas suruhan daripada Allah SWT demi menjaga kepentingan masyarakat Islam. Kesimpulannya, pendedahan menurut perakaunan konvensional adalah terhad untuk memenuhi undang-undang sekular dan menekankan kepada akauntabiliti peribadi (contoh, agen dan principal) berlandaskan falsafah rasional ekonomi (contoh, sistem ekonomi kapitalis), manakala perakaunan Islam menekankan pendedahan telus dan akauntabiliti sosial (moral) (Baydoun & Willet, 2000; Khoramin, 2012; Lewis, 2001, Sawandi et al., 2020).

3. KAEDAH PENYELIDIKAN

Kajian ini telah dijalankan ke atas enam buah IBZW iaitu Majlis Agama Islam Negeri (MAIN) A, Lembaga Zakat B, MAIN C, MAIN D, MAIN E dan MAIN F. Keenam – enam institusi ini telah ditentukan oleh pihak Jabatan Akauntan Negara Malaysia untuk dijalankan kajian oleh para penyelidik. Pendekatan kajian kes telah digunakan dengan mengguna pakai tiga kaedah pengumpulan data iaitu semakan dokumen yang dikeluarkan oleh IBZW, temu bual separa berstruktur dan perundingan bersama pakar bagi mencapai objektif kajian.

Kaedah pertama ialah semakan dan penelitian dokumen (*documents review*) yang diterbitkan oleh IBZW seperti laporan tahunan dan brosur. Untuk kajian ini, ianya berdasarkan kepada laporan tahunan yang disediakan bagi tahun berakhir pada 31 Disember 2016 dan 31 Disember 2017. Kaedah kedua pula ialah temu bual separa berstruktur (*semi-structured interview*) bersama dengan pegawai-pegawai IBZW yang terlibat secara langsung di dalam penyediaan akaun dan laporan kewangan. Seramai empat belas (14) pegawai telah ditemuduga dan setiap sesi temuduga telah berlangsung selama dua jam bagi mendapatkan gambaran jelas berkaitan cadangan pelaksanaan ini. Kaedah seterusnya ialah perundingan bersama pakar iaitu melibatkan pakar dalam bidang Syariah, Muamalat atau Ekonomi Islam, Undang-Undang dan Perakaunan/Perakaunan Islam bagi mendapatkan input bagi menjawab objektif kajian. Data daripada temuduga ini telah ditranskripkan dan penyelidik membandingkan nota catatan dengan transkrip yang

disediakan untuk memastikan maklumat yang diperolehi melalui temu bual lisan dan yang dicatat adalah sama seperti yang terdapat dalam transkrip. Proses analisis data telah dilakukan secara manual bagi mendapatkan tema dan pernyataan yang signifikan dari teks yang telah ditranskripkan. Para penyelidik telah menganalisis data-data ini dengan teliti menggunakan kaedah data analisis yang dicadangkan oleh Creswell (2007). Responden juga telah dihubungi beberapa kali untuk membuat pengesahan data dan maklumat yang telah diperolehi.

4. PENEMUAN DAN PERBINCANGAN

Berdasarkan maklumat yang diperolehi, kajian ini mencadangkan supaya IBZW melakukan penambahbaikan ke atas Penyata Kewangan IBZW seperti set Penyata Kewangan yang lengkap, laporan Ahli Majlis, maklumat Am dalam Nota kepada Penyata Kewangan, senarai Penasihat Syariah IBZW dan peranannya serta sorotan prestasi 5 tahun.

4.1 Penyata Kewangan

Penyediaan satu set penyata kewangan yang lengkap perlulah terdiri daripada beberapa penyata kewangan utama seperti Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Kutipan dan Agihan Zakat, Penyata Perubahan Dana, Penyata Aliran Tunai, Penyata Bajet dan Nota kepada Penyata Kewangan. Penyediaan penyata kewangan yang lengkap ini mampu memenuhi konsep pendedahan penuh, meningkatkan tahap ketelusan dan akauntabiliti sosial. Bagi laporan Ahli Majlis, kajian ini mengusulkan agar Laporan Ahli Majlis (atau apa-apa nama seperti yang diperuntukkan dalam Enakmen negeri masing-masing. Antara maklumat yang boleh dimasukkan dalam laporan ini ialah:

- (a) Nama setiap ahli mesyuarat majlis/ anggota majlis dalam tahun pelaporan;
- (b) Ringkasan prestasi kutipan dan agihan Zakat;
- (c) Ringkasan aktiviti penting dalam tahun pelaporan;
- (d) Peristiwa penting kewangan yang berlaku selepas tarikh pelaporan kewangan, sekiranya peristiwa ini boleh mempengaruhi kewangan IBZW;
- (e) Perubahan ketara terhadap aset bukan kewangan IBZW; dan
- (f) Manfaat diterima oleh ahli mesyuarat majlis/anggota majlis.

Selain itu, dapatan kajian menunjukkan kebanyakan IBZW tidak membentangkan maklumat am di dalam Nota kepada Penyata Kewangan. Kajian ini mencadangkan supaya setiap IBZW mendedahkan maklumat am institusi di dalam nota pertama Nota kepada Penyata. Antara maklumat yang perlu didedahkan ialah tarikh penyata kewangan dibenarkan untuk diterbitkan. Keperluan ini adalah sejajar dengan kehendak MPSAS 14, Perenggan 26. Maklumat ini boleh diletakkan di dalam maklumat am nota kepada penyata kewangan. Di samping itu, berdasarkan MPSAS 1, Perenggan 63(b), maklumat yang menyatakan bahawa penyata kewangan disatukan disediakan dan terdiri daripada penyata kewangan IBZW dan anak syarikat perlu dinyatakan.

Seterusnya, kajian ini mencadangkan agar pihak IBZW menyenaraikan Penasihat Syariah IBZW dan peranannya bagi memastikan penyata kewangan yang disediakan mematuhi semua undang-undang Syariah yang telah ditetapkan dalam Islam. Peranan utama Penasihat Syariah IBZW adalah untuk menasihati IBZW berkaitan perkara-perkara Syariah dan memastikan setiap aktiviti dan transaksi kewangan IBZW mematuhi Syariah. Secara umumnya pendedahan ini perlulah merangkumi aspek seperti peranan dan tanggungjawab ahli Majlis/Penasihat Syariah IBZW terhadap penyata kewangan dan bidang kuasa ahli Majlis/Penasihat Syariah IBZW. Adalah diharapkan pendedahan maklumat ini dapat menambah keyakinan pengguna laporan tahunan kewangan IBZW terhadap institusi ini dalam menjalankan amanah dan tanggungjawab dalam menguruskan dana awam umat Islam.

Selain itu, kajian ini juga mencadangkan agar diselitkan juga maklumat tentang ringkasan prestasi di dalam laporan tahun IBZW. Ringkasan ini dapat memberikan maklumat penting tentang prestasi IBZW yang telah dicapai dalam tahun pelaporan. Pengguna penyata kewangan dapat melihat tren prestasi IBZW selama lima tahun sama ada bertambah baik atau sebaliknya. Penyediaan maklumat ini menjadi amalan biasa syarikat korporat. Antara maklumat yang boleh dipaparkan dalam sorotan ini ialah jumlah kutipan, jumlah agihan, peratus agihan berbanding kutipan, jumlah hasil pertukaran dan jumlah dana untuk setiap kumpulan wang Baitulmal, kumpulan wang Zakat dan kumpulan wang Wakaf.

4.2 Lain-lain Cadangan Penambahbaikan

Seterusnya kajian ini mencadangkan keperluan pendedahan maklumat penyata kewangan melalui laman sesawang IBZW. IBZW juga perlu memanfaatkan aplikasi pintar terkini selari dengan revolusi perindustrian ke-4 (IR4) bagi meningkatkan kecekapan pentadbiran dan pengurusan. Kajian ini juga mencadangkan supaya satu piawaian seragam perlu diamalkan oleh kesemua IBZW. Oleh yang demikian pindaan atau penambahbaikan perlu dibuat bukan sahaja kepada perundangan atau pekeliling di peringkat persekutuan malah ianya harus juga meliputi enakmen dan ordinar pentadbiran Islam negeri-negeri. Akta, peraturan dan enakmen yang sedia ada perlu dipinda atau ditambah baik bagi menjamin keseragaman di dalam amalan perakaunan dan pelaporan kewangan IBZW. Penyeragaman istilah dana sumber am bagi menggantikan dana Baitulmal perlu dibuat kerana dana Baitulmal merujuk kepada keseluruhan dana yang ada di IBZW. Selari dengan itu, pindaan harus dibuat dengan mewujudkan tiga dana utama IBZW iaitu Dana Zakat, Dana Wakaf, dan Dana Sumber Am. Akhir sekali, kajian ini juga mencadangkan supaya Enakmen Wakaf diwujudkan di semua negeri (bagi negeri yang belum ada) kerana takrifan Wakaf itu sendiri berbeza di antara negeri. Perkara-perkara berkaitan dengan hukum dan tatacara penggantian harta Wakaf (Istibdal) juga perlu diselaraskan melalui pindaan enakmen/ordinan berkaitan.

4.3 Cadangan Pemakaian Awal Piawaian Perakaunan Islam bagi Baitulmal, Zakat dan Wakaf

Penggubal piawaian perakaunan seperti *International Accounting Standards Board (IASB)* dan *Malaysian Accounting Standards Board (MASB)* telah memberi panduan pemakaian awal *International Financial Reporting Standards (IFRS)* dan *MFRS* dengan masing-masing menerbitkan satu piawaian khusus, iaitu *IFRS 1 First-time Adoption of International Financial Reporting Standards* dan *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*, yang menjelaskan prosedur yang perlu diikuti oleh entiti apabila mengguna pakai IFRS/MFRS buat kali pertama sebagai asas penyediaan penyata kewangannya. Selari dengan pendekatan ini, kajian ini mencadangkan agar diterbitkan satu piawai khusus, seperti IFRS/MFRS 1. Sebagai contoh satu piawaian yang dinamakan *PPIBZW 1 Pemakaian Awal Piawai Perakaunan Islam BZW* dikeluarkan. Piawaian ini akan memberi garis panduan yang jelas kepada IBZW tentang prosedur dan tatacara yang perlu diikuti oleh IBZW apabila mengguna pakai PPIBZW buat kali pertama sebagai asas penyediaan penyata kewangannya. Piawaian khusus ini antaranya menjelaskan prosedur berkenaan pengiktirafan dan pengukuran, termasuk sekiranya ada peruntukan pengecualian pemakaian PPIBZW yang tertentu secara retrospektif dan pengecualian daripada pemakaian PPIBZW yang tertentu serta prosedur ke atas maklumat perbandingan (*comparative information*).

Seterusnya, mengambilkira PPIBZW yang akan diterbitkan secara berfasa, kajian ini merujuk kepada pendekatan pemakaian awal MFRS sebagai panduan umum. Walaupun sebahagian besar MFRS diterbitkan serentak dan berkuatkuasa pada 1 Januari 2012 (MASB, 2020), namun beberapa MFRS lain diterbitkan dan berkuatkuasa pada beberapa tarikh lain iaitu 1 Januari 2013, 1 Januari 2016, 1 Januari 2018 dan 1 Januari 2019 (MASB, 2020). Mengambil contoh MFRS, IBZW juga dicadangkan untuk menerima pakai piawaian secara berfasa mengikut PPIBZW yang telah diterbitkan dan berdasarkan tarikh kuatkuasa setiap PPIBZW terlibat. Penjelasan berkenaan *phase-by-phase adoption* ini perlu diberikan oleh IBZW dalam penyata kewangannya.

Seterusnya, sekiranya terdapat perbezaan piawaian perakaunan yang diguna pakai oleh institusi BZW (*controlling entity*) dan anak-anak syarikat (*controlled entity*) sebelum atau selepas pemakaian PPIBZW, maka dalam menyediakan penyata kewangan disatukan, entiti terlibat perlulah membuat pelarasan (*reconciliation*) ke atas penyata kewangan anak-anak syarikat. Penyata kewangan anak-anak syarikat dilaraskan dengan mengguna pakai PPIBZW agar selari dengan cadangan PPIBZW bagi penyediaan penyata kewangan disatukan di mana kumpulan dan entiti hendaklah mengguna pakai polisi perakaunan yang seragam. Begitu juga sekiranya tarikh penyata kewangan anak syarikat adalah berbeza, penyata kewangan anak syarikat harus disediakan mengikut tarikh penyata kewangan IBZW.

Selain daripada tiga cadangan umum tersebut, secara khususnya terdapat dua kaedah pemakaian awal untuk setiap PPIBZW, iaitu pemakaian secara retrospektif dan pemakaian secara prospektif. PPIBZW yang diguna pakai secara retrospektif memerlukan IBZW menentukan dan melaporkan kesan terkumpul daripada pemakaian PPIBZW tersebut ke atas pendapatan terkumpul awal pada tahun ianya mula diguna pakai. Selain daripada itu, maklumat-maklumat perbandingan pada tahun perakaunan sebelumnya juga perlu dipinda. Pelarasan ke atas baki awal pendapatan terkumpul dan pengubahsuaian maklumat perbandingan tahun sebelum di bawah kaedah retrospektif adalah berdasarkan asas bahawa PPIBZW yang diguna pakai buat pertama kali itu seolah-olah seperti telah diguna pakai sejak daripada wujudnya urusan niaga atau item terlibat buat pertama kali. Sementara itu, sekiranya pemakaian PPIBZW adalah secara prospektif, kesan pemakaian PPIBZW adalah untuk tahun semasa dan tahun-tahun berikutnya tanpa perlu membuat pelarasan ke atas maklumat atau angka perbandingan tahun-tahun sebelumnya.

4.4 Cadangan Strategi Pelaksanaan Piawaian Perakaunan Islam bagi IBZW

Strategi pelaksanaan adalah penting bagi menangani cabaran yang bakal dihadapi oleh IBZW, terutamanya dari segi modal insan, teknologi, kewangan, dan pengurusan perubahan. Pemakaian PPIBZW di kalangan IBZW akan gagal sekiranya pelaksana tidak mempunyai tahap kepakaran dan pengetahuan yang mencukupi tentang piawaian perakaunan yang baharu dan undang-undang yang berkaitan serta tidak mempunyai keupayaan teknikal yang mencukupi. Kurangnya sokongan dan peranan daripada pihak pengurusan atasan dan pihak yang mengeluarkan piawaian dalam memberi panduan yang jelas juga boleh menyebabkan kegagalan institusi dalam pemakaian piawaian perakaunan yang baharu.

(a) Modal Insan

Modal insan atau sumber manusia adalah faktor utama dalam menentukan kejayaan sesuatu perubahan dalam organisasi, termasuklah perkara berkaitan dengan pemakaian piawaian perakaunan baharu yang berlandaskan Islam oleh IBZW. Bagi memastikan kejayaan pelaksanaan piawaian perakaunan yang baharu, latihan yang komprehensif harus diberikan kepada staf di pelbagai peringkat supaya pemindahan kepada piawaian perakaunan yang baharu akan mencapai kejayaan (Nur Shawalliza & Hartini, 2018; Wynne, 2007). Sekiranya perlu pihak IBZW boleh membuat pengambilan baharu staf yang mempunyai kemahiran khusus dalam bidang perakaunan, sistem maklumat dan kewangan Islam.

Pertamanya, pihak pengurusan atasan, para akauntan atau pegawai yang bertanggungjawab terhadap akaun IBZW harus faham tentang PPIBZW yang akan diterima pakai dan implikasinya kepada institusi. Keupayaan dan kemahiran akauntan dan staf kewangan harus diberi keutamaan. Oleh itu, kursus atau latihan yang mencukupi perlu disediakan bagi melatih mereka dalam mengakaunkan sesuatu urusan niaga berpandukan kepada PPIBZW.

Selain daripada itu, PPIBZW juga harus dapat diterima oleh pihak pengurusan atasan, pegawai-pegawai atau staf yang tidak terlibat secara langsung dengan penyediaan akaun. Mereka harus diberi penerangan mengenai PPIBZW dan implikasinya kepada amalan perakaunan, penyata kewangan, teknologi, kos dan sebagainya. Sebagai contoh, pegawai-pegawai yang bertanggung jawab ke atas kutipan dan agihan Zakat misalnya harus diberikan kesedaran bahawa kutipan akan dibentangkan dalam penyata kewangan mengikut sumber Zakat, dan agihan mengikut kategori asnaf. Oleh itu, mereka akan merasai sumbangan mereka terhadap organisasi, seterusnya boleh meningkatkan akauntabiliti dan kecekapan mereka dalam melaksanakan tugas. Kajian yang dibuat oleh Nik Zam (2005) dalam konteks MPSAS menunjukkan staf kerajaan yang enggan bergerak ke arah perakaunan akruan tidak berminat untuk menyertai program latihan yang dianjurkan. Ini adalah kerana mereka tidak nampak manfaat yang bakal diperolehi daripada implimentasi perakaunan sistem akruan oleh sektor awam. Sama seperti peralihan daripada MPERS kepada MPSAS, pegawai-pegawai IBZW perlu diberikan kesedaran tentang manfaat yang bakal diperolehi daripada peralihan kepada PPIBZW.

(b) Teknologi – Sistem Perakaunan

Kejayaan sesuatu organisasi dalam pelaksanaan sesuatu sistem yang baharu bukan sahaja terletak kepada modal insan, tetapi juga kepada persediaan teknologi. PPIBZW juga akan melibatkan teknologi, iaitu perubahan daripada sistem perakaunan yang lama kepada yang baharu. Oleh itu, IBZW harus menangani cabaran ini dengan membuat persediaan aplikasi sistem perakaunan, contohnya dengan menyediakan perkakasan, perisian, pangkalan data, kemudahan rangkaian (intranet dan internet) dan sistem familirisasi perakaunan akruan di sektor kerajaan (Rozaidy *et al.*, 2014; Nur Shawalliza & Hartini, 2018). Kesemua IBZW harus bekerja sama dalam melantik perunding bagi membangunkan sistem perakaunan yang menepati keperluan PPIBZW. Dalam hal ini, kerjasama daripada pihak IPN juga diperlukan dalam membimbing perunding agar mereka faham akan keperluan IBZW. Siri bengkel dan seminar harus dianjurkan dalam membangunkan sistem aplikasi perakaunan ini. Sistem yang baik adalah yang mesra pengguna dan tidak terlalu kompleks. Di pihak pengguna, pegawai-pegawai IBZW yang terlibat harus bersedia untuk mengikuti latihan dalam menggunakan sistem perakaunan yang baharu ini.

(c) Sumber Kewangan

Peralihan kepada sistem perakaunan yang melibatkan modal insan dan teknologi semestinya akan memberi implikasi kewangan yang besar kepada IBZW. Pertama, IBZW harus berbelanja dalam membiayai kos latihan pegawai dalam meningkatkan pengetahuan mereka tentang PPIBZW dan sistem aplikasi perakaunan yang akan digunakan. Selain daripada itu, IBZW harus melabur dalam membeli peralatan serta aplikasi perakaunan yang baharu. Oleh itu, IBZW harus menyediakan peruntukan bagi menampung perbelanjaan yang agak besar ini. Dalam hal ini, pihak pengurusan harus memahami tentang keperluan kewangan ini, dan mengambil kira dalam penyediaan bajet. Peruntukan boleh dipohon daripada kerajaan negeri atau persekutuan.

(d) Pengurusan Perubahan

Pada kebiasaannya, pelaksanaan sistem yang baharu dalam sesebuah organisasi akan mengalami kegagalan apabila kakitangan sesebuah organisasi menolak pelaksanaannya. Oleh itu, perubahan kepada sistem atau tatacara yang baharu juga memerlukan kepada pengurusan perubahan yang cekap dan berkesan di pihak pengurusan, supaya staf di pelbagai peringkat bersedia menghadapi

perubahan tersebut tanpa sebarang tentangan, dan melakukan perubahan itu dalam masa yang ditetapkan.

Sokongan daripada ketua kumpulan atau individu yang berpengaruh juga adalah penting dalam menentukan kejayaan sesuatu perubahan (Aladwani, 2001). Oleh itu, dalam fasa pelaksanaan strategi ini, pihak penggubal piawaian dan perunding sistem aplikasi harus mendapat sokongan daripada individu-individu yang berpengaruh di kalangan pelaksana yang terdapat di IBZW yang dianggap sebagai “ketua” atau pemimpin pendapat kerana pendapat mereka sering diterima oleh pelaksana di IBZW lain yang sering menjadi “pengikut”. Sekiranya perubahan diterima oleh pemimpin, penerimaan perubahan oleh rakan-rakan yang lain akan menjadi mudah.

Akhir sekali, di fasa pelaksanaan strategi ini, komitmen pengurusan atasan adalah sangat penting bagi menjamin kejayaan sesuatu perubahan. Perubahan memerlukan visi yang strategik bagi menjamin kejayaan jangka panjang (Aladwani, 1999). Dalam konteks IBZW, pelaksanaan PPIBZW hanya dapat dicapai apabila pengurusan atasan benar-benar komited terhadap inisiatif tersebut.

5. PENUTUP

Kajian ini telah mengemukakan dan membincangkan cadangan dalam melaksanakan PPIBZW di Malaysia. Beberapa cadangan melibatkan penambahbaikan kepada penyata kewangan untuk memantapkan kualiti pelaporan kewangan IBZW dan ianya adalah selari dengan konsep pendedahan penuh serta mampu meningkatkan tahap ketelusan dan akauntabiliti sosial kepada ummah. Antaranya adalah cadangan penambahbaikan bagi setiap penyata kewangan utama dan nota kepada penyata kewangan IBZW. Misalnya, maklumat am mengenai institusi harus didedahkan. Laporan Ahli Majlis juga perlu disediakan sebagai sebahagian daripada penyata kewangan. Selain itu, senarai Penasihat Syariah IBZW dan peranannya, serta sorotan prestasi IBZW selama lima tahun harus didedahkan di dalam laporan tahunan.

Dalam melaksanakan PPIBZW, ia boleh dilakukan secara berperingkat mengikut fasa sama ada secara retrospektif atau prospektif. Jika prosedur pelaksanaan IFRS dan MFRS diambilkira, maka pelaksanaan berbentuk retrospektif hendaklah dibuat. Walau bagaimana pun mana-mana IBZW yang mempunyai alasan pengecualian pemakaian secara retrospektif dibenarkan untuk menerima pakai PPIBZW buat kali pertama secara prospektif. Selain daripada itu, seiring dengan perkembangan teknologi masa kini, IBZW disaran untuk mendedahkan maklumat penting dalam laman sesawang serta membangunkan aplikasi pintar yang membolehkan orang ramai mengakses maklumat melalui telefon pintar. Ini adalah bagi menjamin ketelusan dan meningkatkan kecekapan IBZW dalam mengurus harta masyarakat Islam. Kajian juga menyarankan supaya undang-undang sedia ada mengenai Baitulmal, Zakat dan Wakaf dikaji semula dan diseragamkan antara negeri. Di mana perlu, pindaan kepada Akta dan Enakmen/Ordinan harus dibuat.

Tanpa inisiatif untuk menggubal piawaian perakaunan yang khusus bagi IBZW yang berbeza peranan dan urusan niaganya berbanding dengan badan kerajaan yang lain, hasrat untuk memantapkan perakaunan dan pelaporan kewangan IBZW di Malaysia tidak akan dapat dilaksanakan dengan baik. Dalam melaksanakan PPIBZW ini, institusi yang terlibat perlulah melihat kepada strategi pelaksanaan yang berkesan dengan mengambil kira implikasi kepada modal insan, teknologi, dan sumber kewangan. Institusi perlu mengurus perubahan ini dengan bijak.

Namun begitu, kajian ini juga mempunyai beberapa limitasi seperti ianya hanya dijalankan di enam buah institusi agama. Melibatkan lebih banyak institusi agama diharap mampu meningkatkan pengamatan dalam

mencadangkan pelaksanaan PPIBZW ini. Selain itu, penelitian amalan semasa perakaunan ini dibuat berdasarkan laporan kewangan tahunan bagi tahun kewangan berakhir 31 Disember 2016 dan 31 Disember 2017. Selain itu, bagi membincangkan batasan perundangan, semakan hanya dilakukan ke atas Enakmen dan Ordinan Negeri di lima buah negeri yang terlibat sahaja. Keterbatasan rujukan piawaian dan enakmen ini memungkinkan cadangan yang dikemukakan tidak komprehensif dan bersifat setempat.

Akhir sekali, kajian ini juga menyetengahkan beberapa cadangan hala tuju penyelidikan bagi menangani limitasi kajian yang telah dibincangkan sebelum ini bagi memantapkan piawaian yang akan dibangunkan. Antaranya ialah, satu penyelidikan perlu dijalankan terhadap pelbagai pihak berkepentingan yang lain seperti penyumbang dan penerima manfaat Wakaf, Zakat dan Baitulmal; penggubal dasar; dan pihak berautoriti yang terlibat secara langsung dengan IBZW. Selain itu, satu kajian yang mendalam tentang keperluan tadbir urus Syariah di IBZW wajar dilakukan bagi menjamin ketelusan, kecekapan dan akauntabiliti yang lebih tinggi dalam menguruskan dana amanah orang Islam di Malaysia ini. Seterusnya, kajian berkaitan audit Syariah perlu dijalankan bagi memastikan semua tadbir urus dan penyata kewangan yang disediakan adalah berlandaskan kepada prinsip Syariah dan piawaian perakaunan dan pelaporan Islam yang dibangunkan.

Kesimpulannya, adalah diharapkan kajian ini mampu membantu pihak-pihak yang terlibat dalam membangunkan PPIBZW di Malaysia. Ini bertujuan bagi memantapkan tadbir urus dan pelaporan kewangan institusi ini. Inisiatif untuk menggubal piawaian perakaunan yang khusus bagi IBZW adalah satu hasrat yang murni bagi memastikan perakaunan dan pelaporan kewangan yang disediakan oleh IBZW itu tepat dan berlandaskan prinsip-prinsip Syariah. Ini kerana IBZW mempunyai peranan dan urus niaganya yang berbeza berbanding dengan badan kerajaan yang lain dalam menguruskan harta umat Islam yang berkaitan Baitulmal, Zakat dan Wakaf. Selain itu, keseragaman penggunaan piawaian antara negeri dapat diwujudkan bagi memastikan perakaunan dan pelaporan perakaunan yang mantap dan berkesan di kalangan IBZW di Malaysia.

PENGHARGAAN

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Summit Tailor

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Abstract

The family business is one of the world economy's backbones, playing a vital element in countries' economic and social development. The study is aimed at exploring the characteristics of family businesses and retention at Summit Tailor, its survival and the way the owner adapts to changes and demands by customers. Summit Tailor is a company that is exclusively catering for men's apparel. This study adopts the qualitative approach by employing observation and interview in collecting the data. Besides, questionnaire was used in gathering the quantitative data in analyzing the key elements of success of the company. Results show that the key elements identified are history, family and word of mouth. Family history plays a crucial role in the survival of this company now and in future. In addition, family members who have been the greatest supporters and partners also play important role in the developing and maintaining the company. Word of mouth has been a good marketing strategy that has been employed by Summit Tailor in building its reputation, trust and branding among its customers. Therefore, in this case study, we explore how Summit Company successfully competes in the challenging market.

Keywords: Marketing, Family, Word of Mouth, History

1. INTRODUCTION

Summit Tailor can be considered a successful family business. This is due to Hj Azmi, who is the owner who has the natural ability and confidence in running the business. Plus, the push and pull factors have also influenced him in managing his business. The push or the driving factor that led him to initiate a business was his mother who forced him to set up a company. Coupled with his diligence which is a virtue character of a successful businessmen, his mother knew that getting involved in business would keep Hj Azmi from getting involved in negative lifestyle of a man of his age then. Therefore, with his mother being the greatest supporter, Hj Azmi braved the business world although there were challenges and problems along the way. He has high pride in his business as mentioned by Dyer (1988), although all businesses struggle, family companies frequently pride themselves on their loyalty to employees and their strong culture and traditions (Dyer, 1988). Moreover, the difficulty of preserving the value of the business over time arises, as the wealth of knowledge and skills that should be transferred belongs primarily to the entrepreneur itself (Daspit et al. 2021).

Apart from the factor of family, the success of Hj Azmi's business is also influenced by his characters. Business owners' individualities are the primary reasons for opting to do the business and thereafter selecting the type of business (Kotey and Meredith, 1997; Pearce and Robinson, 2003). Besides, personal attributes can also influence business activities. Personality and behavior of business owners play significant roles in the interaction with customers. This is crucial in creating matching perceptions and behaviors between owners and customers that eventually contribute to the success of the business. In the case of Hj Azmi, he has put a great trust among his customers and his customers too, trust him in delivering what his business has promised. In addition, he puts his customers' loyalty on a high pedestal. This is in agreement with the views of Zucker (1986) and Lane and Bachmann (1996) who state that trust and loyalty that are embedded in organisations and their people would be the key to establish institutional norms that can ensure the success of business relationships.

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When Hj Azmi was young, he had no permanent job. He decided to go to Singapore to find a decent job. There he worked as a construction worker for two months. Even though he was in the construction sector, he had a keen interest to be a police officer. However, his interest remained just an interest. He then gave a serious thought about working on his own and he saw a great opportunity in conducting his own business. The kind of business that he had in mind was close to his heart as a country man. He saw the great opportunity in tailoring. He believed that he could go further by venturing into tailoring.

One of the marketing methods used to promote his company's business is by word of mouth. Hj Azmi said that word of mouth has been his secret recipe for success. Word of mouth has brought about the reputation, trust and brand equity for his business all this while. Marketers and sociologists have predicted the rising of the phenomenon of word of mouth (WOM). It was conceptualized as a naturally occurring phenomenon for more than half a century. In a study for example, WOM is believed to affect majority of all purchase decisions (Brooks 1957, Dichter 1966).

To stay ahead in the business world, a company needs to be ahead of its competitors. To ensure this, Hj Azmi guarantees that his company delivers workmanship that is of better quality than their competitors. It is interesting to note that occasionally, the existence of competitors indirectly brings an idea for an improvement and development toward better company performance. Competitive advantage is the most important element in term of strategic management. As such, research works on competitive advantages occupy a central position in strategy literatures (Porter, 1980).

2. THE CONCEPTS

Entrepreneurs who venture into business have dreams and goals to be achieved in making the most optimal profits and be successful in future. Marketing is one of the important roles and elements that should be implemented effectively to achieve this. Marketing techniques include advertising, selling, and delivering products to consumers or other businesses. An entrepreneur should integrate history, family members, cultures, characters, and marketing strategies to make his or her business relevant and remain competitive in the market. To succeed in business, a company needs to have clear goals, mission, vision and objectives in developing an efficient work structure. However, for family business, it is the business' performance that ensures its success and survival (Tagiuri & Davis, 1992). The long-term success of family businesses depends on the mutual interactions of each component within the three-circle model:

- History

History is a narration of events or actions that happened in the past and it is considered to be somehow psychological and subjective. It is also pretty much related to what is happening at present and may shape what is becoming in future.

- Family

Family members play an important role in shaping a family business in the beginning and determining the future that the business will have.

- Word of Mouth (WOM)

WOM research works have shown that customers' perceptions are important in determining the success of a business. WOM provides the perimeters of customers' influence, satisfaction and recommendations over a product or a service.

- Character

People's behaviours and actions are important in predicting and shaping the success of a business; may they be purchasing habit, personal traits of business owners or customers' preferences.

- Culture

Culture is a group of practices, norms and values that shape person's characters or traits and becomes the person's belief system.

Firstly, the term history is a psychology that is related to personality, psychopathology, and psychotherapy. The indicator of psychological findings to issues of public interest, and other "softer"

fields, rather than concentrating primarily on the “hard science” aspects of the domain. However, since the practitioners of “professional psychology” are a large number of whom doubtless identify the psychology with the one-on-one treatment of troubled individuals, the strong belief (or at least hope) that their practice applied a deep root in science in the sense of a rigorous empirical endeavour, it still seems an appropriate historical overview need to focus of psychology on its scientific core. (Edwin G. Boring, 1950) to get the attention of anyone interested in history, is that of the *Zeitgeist* versus the great individual view of events. It is the strength of the “spirit of the time” (the *Zeitgeist*) or of the place (the *Ortgeist*) in identifying what happens, as opposite the role of some unusual person who is strong enough to withstand the *Zeitgeist*.

“The result of entrepreneurial behaviour reflects the performance of the environment changes in the business. The changes in the environments are related to industry and country over time that is explain the family firm further”. The changes are useful to detect and determine the excellent contribution of the family firm to economic growth. Scholars reported that “The management function of a family business was familiar by salaried low and autonomous from the property and the owner” (Chandler, 1962). The business is more challenging due to the birth of the first-mover riskiest. The leadership in national and international markets is also related (Chandler, 1990). The family is generally known as small and medium-size, static growing, flat organizational structure, self-funding, and lowest of production technology and labour relation (Casson, 2000). The scholar agrees that family involvement in the business is what makes the family business unique (Miller & Rice, 1967). Most researchers estimate that family involvement of ownership and management (Handler, 1989).

Next, marketing describes the practitioners and theorists frequently the power of the personal referral on customer behaviour. Additionally, most of the companies sometimes have tried to harness the power of word of mouth (WOM) in their marketing as a strong influence to brand their product. Scholars have been appointed that WOM for 2400 years. The modern marketing research method into WOM started in the post-war 1940s. WOM can be characterized by persuading, convincing, and trusting in terms of marketing methods. Research generally stands that WOM is more influential on experience among people rather than other marketer-controlled sources. Indeed, it has been proved that WOM communication is much stronger than information from other neutral sources like a magazine (Herr et al., 1991). WOM has been proven to influence a variety of situations in terms of concern, requirements, perceptions, awareness, attitudes, expectations, behavioural intentions, and beliefs. (Sheth, 1971) concluded that WOM was more influential than marketing in raising awareness of a product or services in the market to decide to try some product. WOM can influence decisions positively (Engel et al., 1969 and Richins, 1983) or negatively (Bolting 1989). Hence, the negative of WOM has a more powerful impact than positive WOM (Arndt, 1967).

A person’s characteristics are the first prediction of his or her behaviours or actions and the first successful attempt in doing this was made by a Russian scientist Tyurin in 1900. Personal characteristics mainly describe and assume human characteristics and behavioural changes. They also indicate various perceptions of people that can contribute to inferences on behavioural outcomes. The personal characteristics were first classified by McDougall (1932). It consists of five factors which is the intellectual, behaviour, personalization, temperament, and disposition. Extraversion is the most important factor in personality psychology, as evidenced by its prediction of personality measures and its important role in the major taxonomies of personality (Judge, 1999). An extroverted personality is more cheerful, friendly, talkative, passionate, and ambitious (Upton and Cooper, 2003). Additionally, people frequently use their environmental factors as adaption and the influence of their lives that enable them to meet their aspirations and exhibit their talents (Hurley, 1998). Moreover, extroverted employees highly represent stable, open-minded, cool-headed, optimistic, and calm to face any obstacle in the business environment. Varca (2004) identifies that a highly extroverted person usually provides services ahead of time. They naturally adapt the elements of goal achievement, high desire, passionate and self-discipline to constitute the conscientiousness personality dimension. Conscientiousness is a task-based that emphasizing goal achievement. The employee realizes that reaching a goal expends energetic and untiring efforts (Burch and Anderson, 2004) are important to obtain satisfaction from performing the duty effectively.

However, culture-based anthropology theory is related to what people do, have to do, and what they do. Parallel developments recognized in linguistics that the theory of transformational grammar and in psychology as new influences in previously frowned-upon mentalism (Newelly & Shaw, 1957; Miller, 1956; Miller, Galanter and Pribram, 1960). The research study of these approaches which were determined virtuous or not in terms of their ability to produce or predict behaviour similar to that of human performing a given task. "Culture dare the same relation to social behaviour as a language to judge behaviour. Both are related and describe some of the relevant behaviours but all the aspects of no reference to a particular behaviour.

3. METHOD

This study is about a family business of Company Summit which is looking up from a three-circle model perspective contributed to history, family, and Word of mouth. Qualitative method; both of interview and observation method has been used for this study purpose.

An in-depth interview session is conducted with the owner of the company for about 60 minutes who had reputed knowledge, experiences, expertise, skills, and also a big talent in running a business. This session consisted of a question on the business's background, challenges, experiences, and expectations. A standard interview protocol was used, and the interview was voice-recorded with the consent of the research informant. Verbatim responses were transcribed for thematic analysis. Upon an analytical study of the transcripts and notes taking during the interview, the data were examined for themes and meanings. Selected quotes expressed in the Malay language are translated into English and presented in the results to support research findings. Moreover, we also participated in and observe the business premise. We took about 3 times to come to the premises to complete the task given. Specifically, the study aims to explore the marketing technology applied by the company to manage its business. We had recorded and seen the operation and management of the business in daily operations. Therefore, the depth and richness of information provided are using by all the members to support our task requirement.

4. RESULTS

History

History is important because it allows us to understand how past actions affect the present conditions and how they will influence the future. In the case of Hj Azmi, his career history began after he finished school. First, he worked as a part-time construction worker in Singapore for 2 months. He gained many new friends. However, his mother was not that happy because he came home late every day. Due to this, Hj Azmi was forced to work in a Chinese tailor shop, the 'London Tailor' even though he was not interested in sewing. At that time, it was typical for ladies to dominate the tailoring sector and it was rare for men to be involved. Sewing or tailoring was then representing "home" and women's conventional role of caring for their family. It was also associated with the concept of thrift and discipline. (Sarah A. Gordon 1890-1930). Hj Azmi started off his career in tailoring by learning how to cut off pants and knowing different types of threads.

Even though he was working at a tailoring shop, he was thinking of working in the government sector as a police officer. Hj Azmi felt confident about himself due to his physique and his SPM qualification. He told the owner of the tailoring shop that he was interested in working as a policeman. The owner who is a Chinese told him that being a constable in the Police Force will get him nowhere. He told Hj Azmi that if he would want to achieve more in life, he had to think ahead of his time. The Chinese man advised Hj Azmi to think about his life in another 10 years; where would he be, what would he do if he joined the Police Force, and where would he be and what would he own if started his own business. What he said made full sense to Hj Azmi. He was inspired by the Chinese man's idea, and he decided to learn about sewing and tailoring from the man immediately.

Hj Azmi soon started his own tailoring shop with one sewing machine only. He bought the sewing machine on a credit term from Singer, a popular producer of home appliances at that time. He had to pay an installment of RM28 per month. He was an excellent finance manager other than a skilled tailor; he was able to manage his income well and never missed any installment or rental payment. He also planned to expand his business and started to save for this plan.

Hj Azmi was also lucky when he was approached by an officer from the Youth Department who offered him a loan to expand his business. The government had provided loan schemes for youths to expand their business provided that they proved to be good businessmen based on their financial records and companies' performance. Not only loan schemes were available, the government too had mentoring and training programs for youths in enhancing their entrepreneurial skills so that they were able to compete healthily and grow well as businessmen. Hj Azmi joined the entrepreneur and marketing programs organised by the government in grooming himself to be a renowned businessman. The programs were held for seven months and the loan he had obtained was used wisely for his business.

Family

As days passed by, it is time for Hj Azmi to pass his business down to his children. He has six children, and he is planning to succeed his business to his first and second sons because they are more involved in the business world. Hj Azmi hopes that his children will preserve the good reputation of Summit Tailor that was built with sweats and tears of hardship more than 31 years ago. He fully supports and encourages his sons to expand the business and adapt to the changes that are taking place.

“Before I fully step back, I will let most of the work done by my son. I will slowly introduce my son (first son) to the customers to let them know him and trust can be developed between him and them. It might take time but it is okay, trust needs time to grow. For example, we could see that during the election, the public will hesitate to vote for a candidate if they do not know the background of the candidate as well as how he or she works,” said Hj Azmi.

Trust is a logically critical variable in relationships (Moorman et al., 1993). Customers put their trust more in the front-line employees based on the observed behaviors that have been demonstrated during the service encounter (Ganesan, 1994). The more they do business with the same person, the easier it is to deal with. Front-line employees who can be family members who own businesses will provide honest advice and treat customers with greater respect (De Wulf, 2001).

Hj Azmi prefers his son to be involved in the business world than to work in the government sector. Looking at the recent development, the government has also encouraged graduates to create their own jobs due to the economy development that is not as fast as before. The demand has decreased in the job market and competition among graduates is getting tougher. In a recent statistic by Graduate Detection Study System (SKPG), 238,187 graduates finished their study last year. In 2017, the number of unemployed graduates was 54,103 who had been unemployed six months after graduating and this number of unemployed graduates continues to increase each year (Parliamentary Debates, 2019).

“I will inherit this business to my two sons and for my other children, I will look at situations. I cannot guarantee that all my children will inherit the business because they have to learn the meaning of hardship. If they just inherit the business from me, they might not really appreciate the business because they did not go through the pain of building and sustaining the business. I think my other children have to think about developing their own businesses and achieving their own dreams. They have to learn to work for the best and achieve the best.”

Hj Azmi would like his children to succeed in life and be good examples or role models. He knows that reputation is everything doing and sustaining a business. People and customers would have trust businessmen who are honest, accountable and with integrity more than those who are not. Hence, he wants all his children to inherit more of his good traits and behaviors, and develop their own good personality traits that can put them ahead of their competitors in business.

According to Hj Azmi, a businessman should not mix his personal and professional life because when he focuses too much on his personal life, it will affect his professional life and vice-versa. Similar to other employees in his company, Hi Azmi receives his salary and he too, has to be as hardworking as others to complete all tasks at work. Hj Azmi is as disciplined as any other co-workers in carrying out his duties at Summit Tailor. He is focused on getting the best results. His principle is to complain less, to work more, and to stop giving excuses.

He said that the biggest failure among Malay businessmen is due to lack of discipline. Some of the Malay businessmen are notoriously known to be lack of discipline in the sense that they like to break promises that they make. From promises made and filled, trust can be developed. Trust will definitely win the heart of customers. We have to remember that we have stiff competition and trust will result in loyalty. Loyalty will ensure that our business is thriving and able to be expanded. Trust is everything, from building the reputation of business owners to sustaining businesses.

Hj Azmi really hopes that his sons are able to shoulder the good reputation that he has developed for Summit Tailor. It is vital that his sons are able to deliver the best so that the professionalism and integrity of Summit Tailor will keep customers happy and loyal to the company. It is important for his sons to provide services that are worth the money paid and thus, remain ahead in the market.

The Word of Mouth (marketing)

There are many marketing strategies that can be employed by entrepreneurs. Different strategies and tools can carry different results and we can observe the efficiency of the tools that have been used. Summit Tailor is using the word of mouth marketing strategy. Hj Azmi believes in good-old way to market and promote his workmanship; he believes the good words and compliments by his customers are the most effective marketing tool. He also believes in the trust that is developed between his customers and his company is another effective marketing instrument. Trust can be the foundation of a brand to establish itself in the market and enables a company to stay ahead of its competitors. "People mostly like to talk about brands," says Andy Sernovitz, the CEO and author of Word-of-Mouth Marketing. It shows that the strategy of companies that want people to talk about them is working.

Word of mouth marketing strategy has the potential to efficiently influence customers by spreading impressive words about a product or a service. The frontline employees who provide services or sell products play an important role in which they have to give good impressions to customers. When customers are well-attended to, we will be happy and spread good comments or reviews about the service or product that they use. In addition, they will also be loyal customers and their words can entice many other customers or consumers to get the same service or product. Loyal customers are as good as loyal friends. Loyal friends appreciate us and share with us everything, as would loyal customers (Angela Crawford, 2011). Loyal customers can be effective channel to promote Summit Tailor according to Hj Azmi.

Some of the customer purchase decisions would be largely influenced by someone who we trust rather than firms' advertisements. Advertisements can sometimes lose their personal connection especially when customers would like to share their experience in expressing their satisfaction in using a product or a service. Customers' expectations are set partly by their previous experiences with a company's service. They instinctively compare each new experience either it is positive or otherwise and will judge it accordingly (Andre and Chris Meyer, 2007). By being personal in attending the customers' needs or favors, Hj Azmi is able to identify their preferences and deliver according to their expectations.

5. DISCUSSIONS

Based on the results, it is found that the number of managerial data is more highly focusing on the family, followed by the Word of Mouth (WOM) and then the history component. Thus, the three-circle model for the family business of Summit Tailor can be represented in Figure 1 below. Referring to Figure 1, the three-circle representing three components of the business model namely history, WOM, and family. The size of the circle shows the degree of the business creation found in the case study. While the text in bold distinguishes the main roles of each component as synthesized from the data with information on the elements involved in each component. The overlapping circles are a useful organizational behaviour model for describing the degree of interactions between business creation and the marketing activities associated with different owner's roles and responsibilities. The result from the overlapping circles is family business. A family business is an organization in which decision-making is influenced by multiple generations of a family, related by marriage or blood, who can influence the vision of the business and the willingness to use this ability to pursue distinctive goals. Family business is really important because family business forms for long-term relationships.

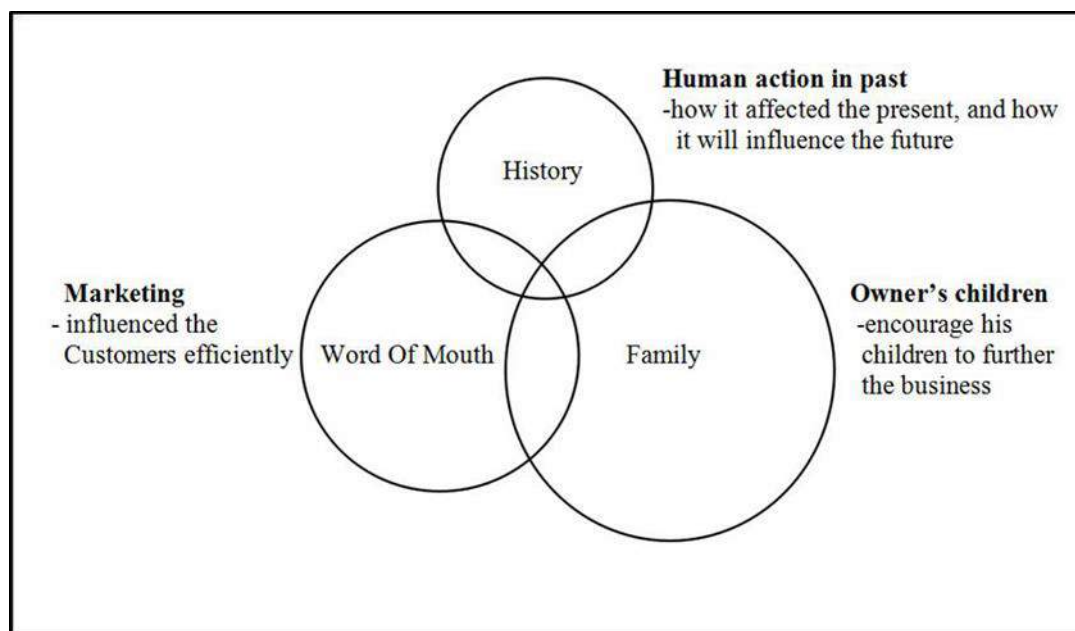


Figure 1: The three-circle model for Summit Style Tailor

In the case of Summit Tailor, history takes part as human activity in the past because it is clear that the historical life of Hj Azmi encouraged and inspired him to build the business. In Figure 1, the size of the history circle is smaller than the other two. Since the history life of Hj Azmi has opened his eyes to improve his life by involving himself in the tailoring industry. In the past, Hj Azmi was inspired by the Chinese owner of a tailor shop that he worked with. Without the Chinese owner, Hj Azmi will not be able to further his business and be a successful entrepreneur at the moment. History life of Hj Azmi affected him now and will influence him in the future. Previously, Hj Azmi thought that only women were involved in the sewing industry, and Hj Azmi grateful that he got awareness and education from the Chinese owner that always told him to start the business. Hj Azmi said that, in past, he took the order to cut the pants. And from that, his interest starts to glow up in the tailoring industry. He slowly improving himself from time to time until he gains what he has now. Hj Azmi learned how to design and cut, knew about the type of fabrics, threads, and much more. At first, he learned with his Chinese boss. After that, he tried to do it by himself using a sewing machine. Although the degree of history's circle is the smallest, that component is the most important and influential in business creation.

Next, Word of mouth marketing strategy has the potential to efficiently influence customers by spreading impressive words about a product or a service. Normally, the customers will also be loyal customers and their words can entice many other customers or consumers to get the same service or product. Loyal customers are as good as loyal friends. Based on Figure 1, the size of the WOM circle is the second largest that represented the degree of business marketing activities that were carried out by Hj Azmi to grow and improve his business. The marketing strategy WOM is efficient for the business of Summit Tailor. Most customers said WOM is the most vital factor in strengthening the brand affinity of Summit Tailor. The people that believed and influenced by WOM is the most effective form of marketing. People trust other people and the experiences they have told, which means that when they hear from their friend or other customers about the service and brand of Company Summit, they are more likely to purchase it. This is why WOM marketing is the most valuable and effective source of marketing. Hj Azmi was also really cared about communication with his customers. He will not treat his customers as a customer, but he treated his customers as his friends so that the customers will feel comfortable in dealing with him. And because of that, his customers try to spread his good character and behaviour to others instead of the good services that are offered. Although the degree of WOM's circle is the second largest, that component is the most important and influential in the marketing and business activities to have a good image in the tailoring industry. In addition, digital transformation is crucial for Summit Tailor in moving from a traditional business that executes digital organisation with an integrated strategy that places digital technology at the very heart of its business (Ammirato et al. 2019)

Finally, the central role in the case of Summit Tailor is carried out by Hj Azmi family which is his children. Hj Azmi encourages his children to further the business. He said that as long he is in the good health and able to manage the business, he will still act as the owner of that company. But, when he was not able to manage the business due to the health problem, he will pass the business to his children. Currently, Hj Azmi is the key person in managing the family business although the other his two sons are involved in the business too. The role of the family at Summit Tailor is more on educating the family members about the business and Hj Azmi was acted as the trainer to his children. One of his children is studying in the designing course in UiTM because he wanted to help his father further and grow the business. At the moment, Hj Azmi still holds the place of director in Summit Tailor and responsible for keeping the company's account, dealing with the suppliers, managing the staff, supervising the operation, handling the customers, and doing the marketing. Wide range of management activities conducted by Hj Azmi in the business and thus represented as the largest circle in this family business model as shown in Figure 1. The children of Hj Azmi are so lucky because their father as the owner still helping them in managing the business and the family.

6. CONCLUSIONS

All in all, the owner's personal history, family members and effective marketing tool have brought Summit Tailor to where it is today. Generally, we can say that the personal history of the owner, Hj Azmi plays an important role in shaping the company the way it is today. How he started his business is a history to be kept alive for future generations. Many great lessons can be learnt from Hj Azmi's experiences. His attitudes in dealing with customers, in doing his trade and in managing his personal life have influenced the success of his business. He also believes in improving himself, having interest in learning new skill and knowledge, taking his work seriously and giving his best in conducting his business. He ensures that his children carry the same values and fulfill their promises in dealing with customers when they take over his business soon.

The effective role of Word of Mouth (WOM) strategy that is employed by Hj Azmi in promoting and marketing the workmanship of his company has proven to be a success factor. Trust is the core value that is shared between Summit Tailor and customers. Hj Azmi demonstrates his concern and care in communicating with customers. The way he treats the customers is more of like family members so that they feel comfortable in dealing with him. All these have embedded trust among his customers and thus, they are loyal to his company. He has successfully developed his branding

reputation and he has positioned the company on a high pedestal among his customers and potential customers. His good personal traits have reinforced the good ties that he has with customers. Customers are attracted to deal with a businessman who is responsible, understands their needs and delivers what they are promised. When these are met, they will say good things and these words are the brand promise that Hj Azmi needs to uphold for his company.

The result from the overlapping circles is family business. A family business is an organization in which decision-making was influenced by multiple generations of a family, related by marriage or blood, who can affect the business's vision and the willingness to use this ability to pursue few distinctive goals. The fundamental issue surrounding family involvement in a business is the impact of the overlapping and potentially conflicting family and business roles managed by those who are in business together. As Lansberg (1988) and Kepner (1983) point out, families and businesses exist for fundamentally different reasons. This could be the result of talented, qualified family members being encouraged to enter the family business rather than follow other career paths.

The entrepreneurial behaviour reflects the performance of the environment changes in the business. The changes in the environments are related to industry and country over time that explains the family firm further.

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Google Analytics by EzyFloor: The Intertwining between Owner, Technology and Marketing

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Abstract

As the value of data can be expanded greatly through analytics, small and medium enterprises (SMEs) has steer away from thinking that web analytics is only for giant companies. However, some SMEs are not capable of utilizing the benefits of Google Analytics. Fortunately, EzyFloor has been enjoying the advantages of Google Analytics to augment their business and marketing development strategy. Thus, the three-circle model is used to investigate the adoption of Google Analytics by EzyFloor for business growth and success by understanding their customer behaviour. Case study method is used to analyze the components of owner, marketing and technology through an in-depth and semi-structured interview. The overlapping functions between these components are observed in which entail the importance of adjusting between Director, Artificial Intelligence (AI) and Google Analytics to ensure that EzyFloor's marketing activities are tailored to the target market by utilizing

Keywords: Digital marketing, Google Analytics

1. INTRODUCTION

Google Analytics can be considered as a great tool for businesses to pursue competitive advantage. It allows companies to uncover user data by acquiring, tracking, analyzing, monitoring, visualizing and reporting relevant data for search engine optimization (SEO) and marketing purposes. It offers a variety of metrics (page views, goal completion, pages per session and many more) and dimensions (such as language, browser type, device model and many more) to be captured in order to provide a company with trends and patterns of user engagement on their website and other valuable information. This is essential to improve online platforms and product offers and to compete with competitors as a company will be capable of making wise, data-driven decisions. Despite the availability of other analytics tools such as Chartbeat, Semrush, Amplitude Analytics, Adobe Analytics, Smartlook, Heap, Mixpanel and Pendo; numerous SMEs are considering using Google Analytics as a digital marketing tool. A study by Nakatani and Chuang (2011) on the selection of web analytics tools, suggested that Google Analytics is the preferred web analytics tool among SMEs. It is over its competitors because it provides time-series data and comes with Google's technology guarantee (Plaza, 2009). However, many SMEs are struggling to harness the potential of big data through analytics to enhance product quality, improve marketing operations and further customer relationships (Ogbuokiri, Udanor, & Agu, 2015). In other words, they fail to unleash the benefits of Google Analytics to augment business and marketing development strategies. Some SMEs are even reluctant to perform measurement on digital marketing practices into business routine (Jani, Zakaria, Maksom, & Maksom, 2020). These situations reflect the inability of some SMEs to keep pace with digital developments to fully understand their customer behaviour in order to grow and succeed as a business. Thus, this study aims to investigate the effectiveness of Google Analytics as a digital marketing tool to understand and satisfy their target market for the growth and success of EzyFloor, a company that provides flooring products and services and has been operating since 2013 at Lot 271 Seksyen 24, Jalan Sultan Yahya Petra, 15200 Kota Bharu, Kelantan.

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2. THE CONCEPTS

Little is known about how a company maintains its growth and success (Kotler, 1984). Earlier scholarly work by Kotler (1984) highlighted that growth is a way to convey what a company wants to do in accordance with its goals and objectives that comprises of overlapping components between 1) owner, 2) technology and 3) marketing. Therefore, the long-term success of a company depends on the mutual interactions of these components.

- Owner

Includes partners, employees or investors. Usually, only an owner will sit in this circle to oversees the succession planning, sets the strategic direction of company and develop the leadership.

- Technology

Refers to the use of the technology to make growth for the company. It includes the use of materials, tools, techniques, and the sources of power to make life easier or more pleasant and work more productive.

- Marketing

Marketing is the activity, the set of institutions, and the processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

The lack of techniques used in a company to maintain business growth in the first three years is mainly due to the practice without proper knowledge among the individuals in the company. Therefore, the company has to gain more knowledge on customization, customer relationship marketing, access to new markets, business-to-business collaboration, co-creation of the product with customers, and improving internal efficiency (Ansari & Mela, 2003; Barnes, Clear, Dyerson, Jarindranath, Harris, & Rae, 2012; Harrigan, Schroeder, Qureshi, Yurin, Ibbotson, Ramsey, & Meister, 2010; Harris & Rae, 2009). However, previous scholars only highlighted the limitations of three-circle model for using the right techniques rather than doing without the knowledge and there is a need to show how the activity in one system can be both the cause and effect of the other subsystem components (Ansari & Mela, 2003; Barnes, Clear, Dyerson, Harindranath, Harris, & Rae, 2012; Harrigan, Schroeder, Qureshi, Yurin, Ibbotson, Ramsey, & Meister, 2010; Harris & Rae, 2009).

Nonetheless, marketing and technology are intertwined (Aydintan, 2003). Marketing through social medias, websites and search engines enables larger audience to be reached. However, this needs to be analyzed for more effective and efficient marketing. Today, there are many web analytics tools available. Nevertheless, Google Analytics is the most widely used web analytics service hence it is worth studying Google Analytics in detail. Specifically, Google Analytics offers varied features for businesses to get hold over user behaviour on the web site, which helps businesses, formulate their web strategies. Prominent features of Google Analytics are briefly described in Figure 1.0 below:

<p>Advertising and Campaign Performance</p> <ul style="list-style-type: none"> • Cost data Import • Search Engine Optimization • Campaign Measurement • Advertising Reports • Mobile Ads Measurement 	<p>Audience Characteristics and Behavior</p> <ul style="list-style-type: none"> • Audience Data & Reporting • Browser / OS • Flow Visualization • Social Reports • Traffic Source • Map Overlay
<p>Analysis and Testing</p> <ul style="list-style-type: none"> • Contents Experiments • Real-Time Reporting • Dashboard • Advanced Segments • Annotations 	<p>Product Integrations</p> <ul style="list-style-type: none"> • AdSense • AdWords • Google Tag Manager

Figure 1: Google Analytics offers varied features for businesses

3. METHOD

This case study described the managerial actions of a company that adopts Google Analytics for business and marketing development strategy, looking from the three-circle model perspective. It espoused constructivism and existentialism paradigms by conducting a single case study methodology to understand the activity within important circumstances (Yazan, 2015). Specifically, the study aims to explore the managerial actions taken by Mr. Zubir to maintain the growth and success of his business through Google Analytics.

An in-depth and semi-structured interview was conducted with Mr. Zubir, the owner of EzyFloor for about 50 minutes at his business premises. The interview consisted of questions relating to the business's background, challenges, strategies, and expectations. A standard interview protocol was used and the interview was voice-recorded with the consent of the research informant. Verbatim responses were transcribed for thematic analysis. Upon an analytical study of the transcripts and notes taken during the interview, the data were examined for themes and meanings. The themes were categorized based on components within the three-circle model (for example: owner, technology and marketing). Selected quotes expressed in the Malay language are translated into English and presented in the results to support research findings.

4. RESULTS

The Owner

Mr. Zubir is a lecturer who teaches at Institut Kemahiran Belia Negara (IKBM), Besut, Terengganu and diligently carries out business activities. He is a Kelantanese with a major in microelectronic. He realized the potential market for flooring products and services at Kota Bharu, Kelantan hence agreed to his business partner for the establishment of EzyFloor even though he does not have any business experience. As a passionate person, he attended courses held by Malaysia Digital Economy Corporation (MDEC) to gain knowledge in business. Fortunately, he took the opportunity to learn Google Analytics offered by MDEC.

“I started learning about Google Analytics when I attended a course organized by MDEC. The course was held at my workplace. The course was only for the E-Trainer and those with only business background could not join. From there, I learn how to use Google Analytics for my business. Before this, Google Analytics was called Google AdWords but presently it is called Google Analytics”

As mentioned above, Mr. Zubir has prior knowledge in technology. Besides, he develops management and innovation skills when conducting the business. According to Kim, Lee, & Lee (2011), firms that utilize the unique value of Web 2.0 through superior management skills, innovation and business process reengineering are likely to enjoy sustainable competitive advantage. With these values, Mr. Zubir is able to handle the company successfully. He is now using the right techniques in doing the business.

The Technology

The technology component has a vital role in managing and planning for the business. Technology, specifically the interrelationships of AI, Internet of Things (IoT) and big data, is accelerating its ability to help businesses to do more with less resources and provide better results. Mr. Zubir is using artificial intelligence that refers to the theory and development of computer systems which is able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages. Laptops and smartphones are used to conduct technology-related matters for business and marketing. Mr. Zubir is also using Google Analytics to analyze the big data. Figure 2 shows that most of the audience used mobile phone to browse the website. There were

about 99 sessions from 30 November to 6 December. This result helped EzyFloor to plan on mobile marketing.



Figure 2: Result of Google Analytics of the Audience by Technology

The Marketing

This component is very crucial for the EzyFloor's business because it has been used for reaching wider audience and sustaining the business. However, different company could have different marketing development tool and strategy depending on their expertise. At the beginning, Mr. Zubir was not proficient in using Google Analytics. After attending several trainings and courses for learning Google Analytics, he is now an expert thus relying on Google Analytics as the major digital marketing tool for EzyFloor. According to Mr. Zubir, Google Analytics is the most effective way for EzyFloor to promote their products. It provides the time series data which is essential to analyze the number of website visitors. It also provides the behaviour of website visitors – how they found the website and how they interacted with it. This valuable information (refer Figure 3, Figure 4, and Figure 5) is important to develop their marketing strategy – digital marketing and personal selling.

“For marketing strategy, we are using online and offline strategy. We are using Google Ads for online marketing. We are also using Facebook Ads. Besides, we are using Whatsapp, Email and marketplace at Facebook. We are also selling at Lazada and Shopee but only for product such as hammock. Flooring installation is not available at Lazada and Shopee. For offline strategy, we are using brochures and our site supervisor will go to the site and promote our products. Google Ads is organized by me. I will try the effectiveness of Google Ads in one to two years and it involves high cost. We do try and error to get the best ways to use Google Ads.”

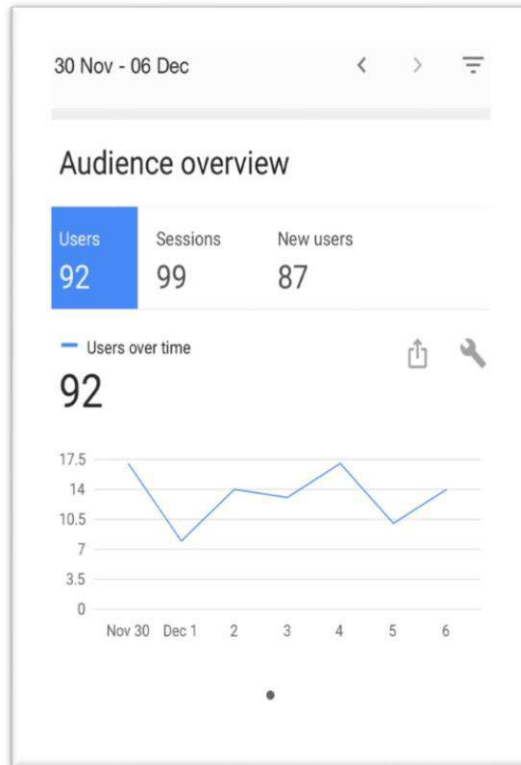


Figure 3: Audience Overview

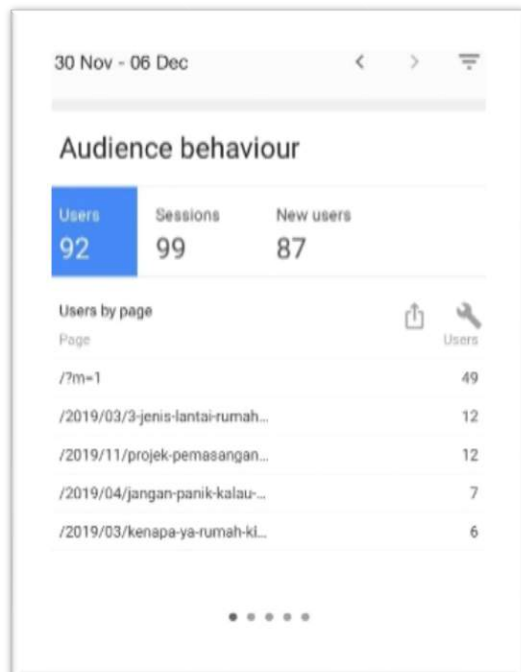


Figure 4: Audience Behaviour

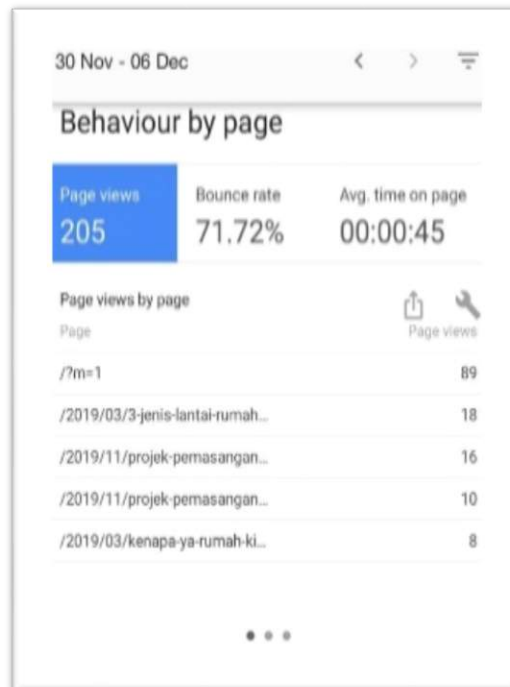


Figure 5: Behaviour by Pages

5. DISCUSSIONS

Based on the results, it was found that the amount of managerial data is more largely focusing on the marketing component, followed by the technology component and then the owner component. Thus, the three-circle model for EzyFloor's business can be represented in Figure 6 below. The size of the circle indicates the degree of the management activities found in the case study. While bold text defines the main role of each component synthesized by data with information about the individuals and associates involved in each component. Overlapping circles are a useful model of organizational behaviour to illustrate the degree of interaction between individuals in the use of Google Analytics and complex organizational management activities related to the roles and responsibilities of different stakeholders (Habbershon, Williams, and MacMillan, 2003).

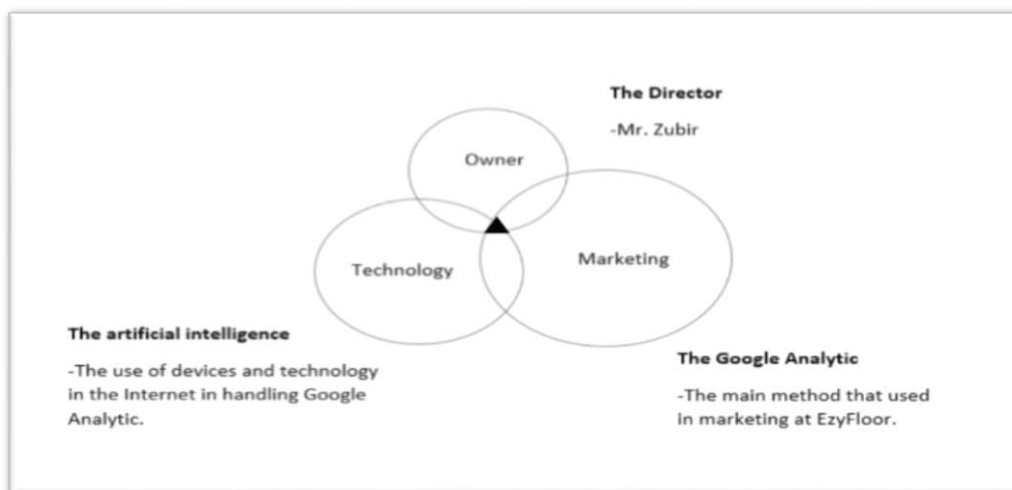


Figure 6: The Three-Circle Model for Ezyfloor Company

In the case of EzyFloor's business, the owner has a deep interest in marketing. He seeks effective marketing knowledge from many sources (trainings and courses) in order to develop his business. Nonetheless, the size of owner's circle appears smaller than the other two circles due to his minimal involvement in promotion activities. Specifically, the owner takes on the role of Director who has the responsibility to run the business operations and majorly involves in the company's decision making. He directly works at the production level, makes decisions at the management level, and also responsible for overseeing the overall business activities. Although the degree of owner's circle is the smallest, his role is the most important and influential in this business in which explain why the company put so much effort on exploiting the benefits of Google Analytics as the owner realizes its advantages. This finding is in line with Rautiainen, Pihkala, & Ikävalko (2012) that exemplified that the owner has a power-influence position and becomes the central factor in a business.

Besides, it is known that technology is very important nowadays, especially in the business sector. AI can be considered as one of the most significant thing in this era. In this case, EzyFloor is acting on user data, learning from user data and improving marketing activities over time. Laptops, smartphone and other devices are used for promotion through social medias and utilization of Google Analytics, specifically for marketing efforts.

Finally, the central component in the case of EzyFloor's business is marketing which refers to the adoption of Google Analytics. Currently, Google Analytics is an important marketing component and tool for EzyFloor to grow. For Mr. Zubir, the use of Google Analytics has dramatically changed EzyFloor's marketing development strategy in a more productive way than previous marketing development method. As Google Analytics can record traffic by inserting a small piece of HTML code into every page of the website, EzyFloor could track the customers who visited their website once or more. They are also able to compare the behaviour of visitors who are referred from search engines, from referring sites and emails and direct visits, and thus gain insight into how to improve the website's content and design (Plaza, 2009). This has contributed to the success of several marketing campaign by EzyFloor as they are capable of tailoring sales promotion and advertising to their target market. Besides that, when a customer searches for keyword: Lantai Murah KB on Google, Google Analytics will present EzyFloor as the top result in the search engine. This has contributed to the confidence of target market to purchase from EzyFloor.

6. CONCLUSIONS

Within the various theories for explaining online marketing, the three-circle model is deemed fit to be used as a guiding theory to study the case of EzyFloor from a managerial perspective. Based on the results, this study found the overlapping three-circle model representing the three components of a marketing planning for a business model namely owner, marketing, and technology. The newly developed three-circle model for this case study is useful to describe the interactions between individuals involved with the business and the complex organisational management activities relating to business and marketing development strategy.

This paper adds to the existing knowledge of the three-circle model in the adoption of Google Analytics for marketing planning by exploring the actions that Google Analytics could perform to empower the business and marketing development strategy. A closed approach in doing business at EzyFloor leads Mr. Zubir to contemplate various aspects of marketing, technology and owner prior to decision making. Thus, it was found that it is challenging to make a strategic decision for the company' marketing tool and strategy without this three-circle model.

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Leadership Skills in Family Business – Malaysia Case Study

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Abstract

This case examines the leadership skills in operating a family business legacy in producing batik. Challenges in managing a family business to survive and sustain in the batik industry lead the owner to improve leadership skills. The specific purpose of this case study was to learn about Hisham's leadership and organisational ownership activities to maintain the family-owned business's multi-generational legacy. Thus, this case involves a three-circle model (business, family and ownership). As the owner of the batik business, Hisham intend to improve his leadership skills by attending the training program, participating in trade events and learn in making a decision wisely in employment dilemma and selecting a supplier for his business. Plus, Hisham welcoming and invites local students to learn batik processing and allowed the customer to design their batik creation. To widen/further his family business, Hisham intends to expand the business to other states and countries besides recruiting new staff for his family business. In the family circle, Hisham learned batik skills and techniques from his father. An interesting about a family business is they have their loyal customer and fixed local suppliers. In the owner circle, Hisham (as a leader) has always improved his knowledge and business skills to upgrade the batik trend in the market.

Keywords: Family business, leadership skills,three circle model,Malaysia

1. INTRODUCTION

Family business plays a significant role in assisting domestic economic stability. Studies show that family-owned businesses are among the most common in Malaysia at an estimate of 80% and contribute 67 % to the national GDP (Cheng&Co, 2019). Plus, 90% of surveys among family businesses in Malaysia expect positive growth by the next two years (PwC, 2019). Miller and Le Breton-Miller (2005) report that multi-sector companies such as Michelin, Armani, Wal-Mart, Home Depot, IKEA was founded and operated by the family. These family businesses continue to dominate most of the world's economies. Although these studies are limited to cross-cultural, they are still a major source of entrepreneurship. Hence, this study is to identify the characteristics of leadership in family business legacy. Leadership skills could lead to motivate and influence other family members and boost employees to work harder in achieving the company's goals Walsh (2021)

Refer to the definition, Oudah, Jabeen, & Dixon (2018) described leadership as guiding others to understand and accept what needs to be done and how it is to be done; it is the process of helping

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individuals equip themselves with the knowledge to accomplish a unified objective. In a family business, achieving competent family leadership through the generations is one of the greatest challenges to business continuity. Family leaders retain all key information and decision-making authority, and managers closely supervise employees, giving subordinates little discretionary leadership. Participatory leadership occurs when the leader of an organization engages in organizational decision-making and directs the organization. Originally, leadership research focused on groups. Participating leaders also tend to build team understanding and cooperation, improve satisfaction, resolve conflicts, improve decision-making, improve decision-making quality, develop leadership and decision-making skills, increase business understanding and enrich work. Kandade et al. (2021) believed that leadership skill is one of the successor determinants of family firm sustainability across generations.

2. THE CONCEPTS

To be successful in business, companies need to set their goals so that they can create effective work structures, evaluate company performance, and more importantly provide strong leadership. In a family business, leadership assumes a little different meaning than what is generally understood. There is a lot of things that need to be prepared. It is because family business leadership is different from non-family business. When it comes to leadership in the family business, it is more complicated and complex needs to be aware. The leadership among the family must be the focus and struggle to ensure the developmentally the business from start-up, the growth to the maturity level as well. All the business progress must be sharp and minimise the inappropriate mistakes to prevent any family arguments. When the business leadership transaction is not well structured it may cause expensive legal issues leading to the sale or eventual loss of the business.

The family business is a business that involves a relationship between business and family. The family business is a business that is passed down from generation to generation. This said that family business is full of history and secrets. Not many people know or understand how family business maintained its success except being profitable to survive. But, the family business can survive with an understanding of the right system. A conceptual model held family business is overlapping of two subsystems: The family and the business. However, there is a discussion about ownership and two subsystems until the existing three-circle model that describe family business systems as three independent but overlapping subsystems: Family, ownership, and business (Tagiuri and Davis, 1992).

What makes a family business unique is that the model of ownership, governance, and succession management substantially affects its goals, strategies, structures, and the way it is formulated, designed and implemented as a business activity (Chua et al., 1999; Mandl, 2008). The family planning process has many benefits. It encourages future generations and in-laws to understand family history and values. It strengthens the process of good family communication. It supports the development of family agreements on issues such as employment or ownership before certain decisions are made. It provides a fair process for family planning and decision making. It represents hope for problems that exist such as money, jobs, and control.

Conflict is a very stressful thing and it can influence many things and give neither a positive nor negative impact on a business. Usually, a conflict of family business arises within the issue of business and family. Families and businesses are affected by many aspects or roles such as ambiguity, conflicts and communication difficulties and business decisions. Family business conflict can also come through multiple levels of conflicts from a business, family and also a stakeholder (Harvey M and Evans R.E, 1994). However, family business conflicts also are affected by internal and external changes. For instance, management quality contributes to the conflicts in terms of lack of clear objectives, inability

to anticipate or adjust to environmental changes, absence of financial planning systems and misuse of the company's resources as a source of family financing (Silva, Coelho, Sousa, & Quesado, 2021). To overcome conflicts, firstly, must identify and understand the cause or the source of the conflicts and then a right and good decision must be made. Based on Gavric (2021), integrating and compromising conflict management strategies is vital to success the planning and knowledge transfer. In contrast, dominant leaders are less willing to plan for succession, as they would prefer to retain all the crucial information and decision-making authority and are therefore reluctant to share their knowledge and power. Hence, Gavric (2021) opined that effective conflict management strategies can be applied for family relationship and business continuity. Every leader in family business need to learn how to manage the conflict.

A function of the attitudes of the owner-manager towards both the family and the business. In a previous study conducted in the United Kingdom, Birley et al. (1999) found three very distinct clusters of attitude that they named The Family Rules Group who were very clear that, for example, children should be involved in the business at an early age and that successors should be chosen from the family. Next was The Family Out Group had opposed views to their colleague Family Rules members. Last but not least, The Family-Business Jugglers did not express strong views on any of the issues but were "concerned to arrive at an appropriate balance between family and business issues".

A successful business is what every organisation needs. To be successful in business, a firm must first define its objectives. This will allow the company to develop an effective work structure, evaluate its performance, and, most importantly, offer strong leadership. However, nothing is known about how a family company was able to sustain its success other than the fact that it had to be lucrative to exist (Tagiuri & Davis, 1992). The positive attitudes of each component inside the three-circle model are critical to the long-term viability of family enterprises. Contrary to this, disputes within a family business are unavoidable, and a mutual understanding of each individual's position is essential for the next generation to receive a successful enterprise (Stewart, 2017).

The three-circle represents the family, company, and owner components of the business model. The circle size represents the study's leadership and ownership activities. The bold lettering symbolises the three-circle symbol of Hisham's equality in managing the family company heritage. Hisham will be in the centre of all three overlapping groupings since he represents all three model components (family, business, and owner). This person will be seated in the middle of the three overlapping circles (Tagiuri and Davis, 1992).

3. METHOD

The method used in this study is qualitative. A depth and semi-structured interview method were conducted in 40 minutes with En. Hisham, as the second generation business manager at Rozoli Batik. The interview started with the business background question, followed by family business history, challenges, leadership skills, expectations, operation, marketing and internal and external issues. A standard interview protocol was applied, and the interview was voice-recorded with the consent of Hisham. Verbatim responses were transcribed for thematic analysis. All notes taking during the interview including the recording notes were examined for themes and meaning for this study. The themes were categorized based on components within the three-circle model for the family business (i.e. family, business and owner) as the study conceptual framework. The interview was conducted in Malay languages and all the information are translated into English and presented in the result to support the findings. During the interview process, it's a need to understand the participants' interpretation of their experience (emic view) and literature interpretation of the phenomenon (etic view).

4. RESULTS

The objective of this case study was to explore and understand the leadership skills and ownership actions by Hisham to maintain the bi-generation business legacy. Thus, the results are explained based on the three circle model: Business, family and ownership.

4.1 The Business

Business components play an important role in leadership in the business. Hisham's family batik business was started in 1982s by his father (as a first-generation), who manufactures various types of batik in Kota Bharu, Kelantan. Back in 1982s, his father used his capital to buy machinery, raw materials, and entertainment. Batik was the first product manufactured by his father, as he realized that batik was a well-known product in Kelantan and almost in Malaysia. The design of the batik was unique to Malaysian. His father started selling the batik as a first product to the business until it became popular around the neighbourhood. Not only that, but his father also had futsal court as his second income to the family business.

During the years, the business became widespread in the area. There was a time where Hisham received high demand from Brunei. To achieve the batik request, 130 employees were employed by his father to manufacture the batik promptly. This was the onset for Hisham's family business development. Later on, many customers were getting a visit at the business premises until the area became a popular place for batik production nowadays. Eventually, the batik business was evolved through marriage events between families and emerged as a local industry because lots of entrepreneurs also doing the same product but with different designs and different processes.

In 2002, Hisham as a second-generation family member continues managing the batik business. All this while, his father had a specific name for his batik and the brand name had been using continuously around this year by Hisham for his batik products. Under Hisham's management, the asset of the company was bought using his capital to buy as his father did not leave any cash for him. He loaned from an SME bank and RM 2000 from his family to operate the business. Based on his leadership, 13 employees were employed by him and he was able to earn a profit from the first month to covered back his expenses. To increase this knowledge in leadership, Hisham had been attended training and program. Although the business had developed well and applied few modernizations, however, some of the operations were still maintained in a traditional way, such as manual salary payment to the employees.

"As a successful entrepreneur, a business might earn a profit even faced its loss. I had been facing a financial problem as the profit was reducing. When I sold my product to middlemen and those middlemen will cut the price as they needed to sell for their customers. Sometimes, customers were requesting for cutting down the price of batik as the selling price was very expensive. I had been managing my finances wisely to solve all the financial problems with several solutions based on my leadership knowledge."

Before Hisham took over the family business management, his father exporting batik to other countries, but stopped export for some reason.

Then, since Hisham manage the business, he had actively participated in business trade events. In addition, to increase local customers, Hisham aimed to market their batik business to another state in Malaysia. Therefore, Hisham started his plan to expand the business step by step. He hired outdoor employees to help him in designing the batik and indoor workers were painting the batik. Even Hisham has planned accordingly, but some of the batik designs were complicated and might burden and more time needed to become the finishing product.

Complication request was not the only challenge faced by Hisham. After leading the family business, Hisham is still facing difficulty in absenteeism employees. Most of the reasons are sick or need to attend the event (majlis kenduri). This would cause the production of Hisham were not able to finish on time. Not only that, Hisham does not give any punishment to his employees as he realized that the reasons were logical for taking off days. To ensure the batik production is ongoing, Hisham employs internship students with the experience to make batik. The production progress would help him to expand and penetrate a larger market, particularly in other states.

Other than absenteeism workers' issues, he also faced price competition from other companies. Therefore, Hisham's strategies are to choose the best and unique design of batik for customers by making a selection. To maintain the quality of the batik, Hisham would maintain the quality of the raw materials. Hisham bought the raw materials from a local supplier as he stopped ordering the materials from China. This is because Hisham realized that the demand from customers had been less from year by year, but he had purchased materials in huge amounts. If he ordered continuously with China, it would cause him to face more loss profit in business. Therefore, he ensured the sources were from the same suppliers that could be earning benefits for him in the long last term.

“Operational time for my business was 9 am to 4:30 pm, in six days a week and Friday was my business off day. I had been preparing a place for them to pray. Next, my business never stops receiving customers. This would help us to maintain the customers' relationship and they can help me to promote my batik for their friends. Not only that, but loyal customers also always visited my business as my father served them in good satisfaction services. Therefore, it is a trend for me to maintain a relationship with them and it can gain profit for me to expand the business.”

To offer the best services of batik business, Hisham had made a visiting and learning program for local students and let them gain knowledge of the process of making batik. Thus, his shop was constantly receiving secondary students more than primary students by visiting. He realized that many students were happy to learn the process of batik as his staff and he was giving an interesting explanation for them. Not only that, but he also gave a chance for students to colour the batik. The leadership skills showed by Hisham in the business legacy, contributes to the customers first choice in cloth products. This strategy was started by Hisham's father and he continued providing various products from other companies until the present day. In other sites, Hisham allowed customers to give a design picture to him based on their request. He tried to produce different designs of batik that could increase the demand and satisfaction of customers.

For future business development, Hisham aimed to expand the business into other states with his leadership. He planned to recruit new staff to help in the batik business, particularly in the shop by teaching them the skills of making batik. Hisham planned to expand his family business more outside of Kelantan, throughout Malaysia. Before this, Hisham had been surveying other states before he made a plan to expand the business. This was a difficult task for him as different states had different cultures, he needed to learn more skills to manufacture batik. At the moment, the types of batik produced by Rozoli Batik were silk., cotton, jacket and setting. Through a business matching with other countries which was Brunei, there was an expression of interest to expand his business. Thus, Hisham would like to strengthen the company's research and product development to meet this demand. He realized that continuous research and development were important for a company's survival and competitive advantage.

4.2 The Family

The purpose of the family component in a family-owned business is to educate family members about the responsibilities that come with company management. In the case of this business, the great father

(i.e. the first generation) played a critical role in educating family members about the batik business. The existence of at least two generations in a family doing business is considered as a family business.

The first-generation business was led by Hisham father while it was taken over by Hisham since the year 2002 till now. Hisham started to be involved with the family business since he finished his secondary school education. According to Hisham, he learned about the family business from his father.

“I have been involved with this business since I was a small kid. I followed my father to the batik factory. I helped my father to examine the batik. My father teaches me about business time by time. He teaches me how to produce the batik, but he still manages the overall creating batik process. During those days, the workers and I will just follow his instructions and finish our tasks given.”

Hisham is the second child of five (5) siblings. He is the only one that involves in the batik family business. His siblings do not enter the batik industry as they are not interested in this. This has made Hisham the only one who takes over the family business. At the moment, only Hisham is involved directly with the whole management of the family business covering financial, operation, and marketing.

“My father is helping a lot. We manage the business together before this. I learned a lot from my father, especially the management skills and techniques to produce the batik. Most of my customers are loyal customers that buy from my father till now. We have kept in contact with them to ensure our relationship can last longer.”

Hisham has the responsibility to maintain the legacy of the batik business. Every process in producing batik is conducted traditionally. The whole process including waxing or lining on the fabric, colouring and boiling are all done by hand. This family business has had several fixed local suppliers for the raw materials since old times and Hisham has maintained the business contacts until now. Although he has taken over this business for many years, he did his best to operate this business with an excellent result.

4.3 The Owner

Commonly, the first owner of the company will plan all the progress from the beginning till the customer delivery. It is because to ensure all operations in the company will run smoothly as planned. The same goes for the family business legacy planning which focuses on the procedure of batik's operation. Hisham father operates his company from 1982 until 2002. Hisham father act as the founder of the family business legacy was struggled to build up the organisation including the management, operation procedure and resources supplier. All of these things are an important part of the family business company. Hisham father has also been aware of the development of the company since the beginning. He always struggled to make strategic planning for the family business to move forward and keep sustain in the batik market.

After 2002 Hisham took over the company. Hisham manages the company since 2002 till now. Hisham was studied until high school then he decided to continue his father's legacy which is the family batik business. Hisham keeps learning about the batik business and prepares as a leader to lead the family business by himself. Hisham feels very interested to learn about batik art. It is because Hisham already knows about it since he was still in school. All the operation decisions come from Hisham since that and he keeps using standards of operation from his father as well. However, there are a few bit changes from Hisham to fulfil market demands such as in quantity of fabrics order and total of the worker. Some changes have been made because of the fluctuating market demand but some changes because of Hisham thought. Generally, all of the changes for a good reason for the family business.

“Since my father opened Rozoli Batik and running the company until getting an income and profit to survive for his family. I feel like to work like him and try to sustain the Rozoli Batik consider as his pleasure why not I try it? Even though my siblings did not want to continue it, I offer myself to continue his legacy with the regular customer and keep improving myself to another level of success.”

All of this happened must be a reason behind Hisham. He took it to challenge himself and try to give his best shot for this family business legacy. For now, Hisham keeps struggling to improve the family business and target to achieve more than his father.

5. DISCUSSIONS

The results showed the significant between leadership and ownership with the three-circle (i.e. family, business and ownership). The three-circle model for the Hisham family business legacy is presented in Figure 1 below.

Refer to Figure 1, the three-circle that interdependent and overlapping, representing three components of the business model that is family, business and owner. The size of the circle indicates the leadership and ownership activities found in this study. The text in bold represents the three-circle characteristic that showing equality to the Hisham in managing the family business legacy. Based on the three-circle model, Hisham will be in the middle of all the three overlapping groups because he presenting all the three characteristic components (i.e. family, business, owner) of the model. A family member who worked in the business and is an owner will be sitting in the centre of the three overlapping circles (Tagiuri and Davis, 1992).

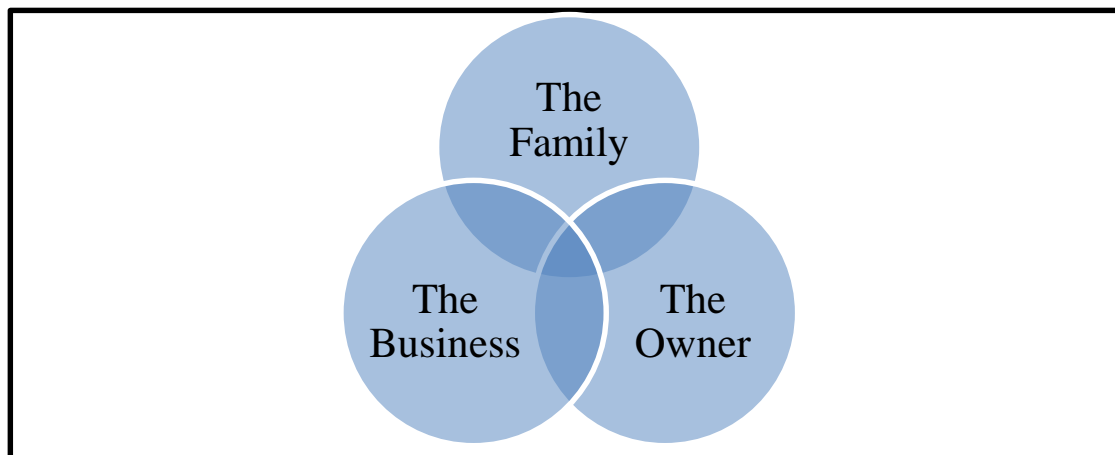


Figure 1: The three-circle for Rozoli Batik

In this case study, the owner shows the leadership skills in tackling the problems faces from different stages. Hisham father is the first generation of a family business who managed the family business since 1982. He was doing everything he can to move forward and make sure the family business become sustainable in the batik market. In Figure 1, the degree for the owner is equal to the business and family. Its means that Hisham is also involved in managing the family business. Hisham managing since 2002, this makes him the second generation of the family business legacy. He managed all the business by himself but still taking and listening to advise from his father. His decision and leadership will determine the future of the family business legacy, ownership configuration or stage of ownership evolution explain family business behaviour and conduct the prescriptions for the family business.

Next, the role of family for the Hisham family is more on education. Its start with Hisham father that taught his children about the batik business. Hisham father acted as an informal trainer that taught all

his children about the process of creating and producing a batik until managing the business. The knowledge has been passing down to all his children. In figure 1 shows that the degree for all the three-circle is equal which means that the business activities carried out by the family member is equal to the degree of business and owner. Hisham has also been involved in this business since he was still in secondary school. He became an informal trainee at the family business. After finishing his Malaysia Certificate of Education (SPM), he takes over the business family legacy from his father. However, his father still acted as an advisor for him in this business legacy. Hisham continuing this business legacy until now. He also training all the new workers all by himself. Currently, this business legacy is in the hand of Hisham since he is the only one handling the business legacy. Family firms may lose their orientation toward Intra organizational family-based relatedness because of change in cultural work within the family firms. However, this business legacy might grow even bigger before got into another successor because Hisham is still young and can capture a lot of opportunities and bring the business legacy to enter a new market.

Finally, the business role in the case of this study is carried out by Hisham as a current owner and successor of the family business legacy. Figure 1 shows that the degree for business activities is equal to the family activity and owner. This is because Hisham is the key person that managing the family business. He handled all by himself, he thinks about operation, delivery, processing and even managing all the workers. Hisham even facing difficulties while managing the family business such as absenteeism and find experienced workers. However, he never involves the business issues with the family issues. He separates both of these issues so that he can get a different outcome for both issues because being concerned about business outcomes and family outcomes is one of the family business features (Yu et al., 2012). He is solving all the issues by himself. This showed that Hisham had a characteristic of good leadership and entrepreneur.

6. CONCLUSIONS

In conclusion, the objective of this study is to show leadership skills based on the three-circle model. Strong leaders are what unite businesses into powerful entities. Leadership skills are what will influence others to work harder and efficiently. Leaders characters help develop a strong bond of trust and build teamwork and lead the business to success. Conversely, if the leaders in the family business do not possess the necessary leadership skills, the business will suffer and probably fail. Thus, the family business needs to invest in leadership education and skills. It's not enough to have a vision for the business; they also needed to get people interested about what they were doing. Effective leaders are referred to be compelling leaders. They motivate and inspire others in their companies, institutions, and communities. Based on the findings, it is understand that leadership skills are blended through the family, business and ownership. Thus, the three-circle model is applied for this study as a guiding theory. The three-circle model proved the existence of the relationship between leadership in the overlapping circles that are interconnected. However, the three-circle model also has limitations especially in identifying the performance of the family business. Based on the results, this study identified that the three-circles model representing three components of family business known as family, business and ownership. The size of the circles indicates the degree of the activities involved in each of the components. From the results, the equal size of the three circles shows that the activities conducted by Hisham are equivalent for the family, business and owner. This shows that the interactions between the three circles are presenting an impact on the family business legacy. Hisham also wants to try entering the international market in the future. This strategic decision has been made after he includes all the factors closely related to the family, business and owner.

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