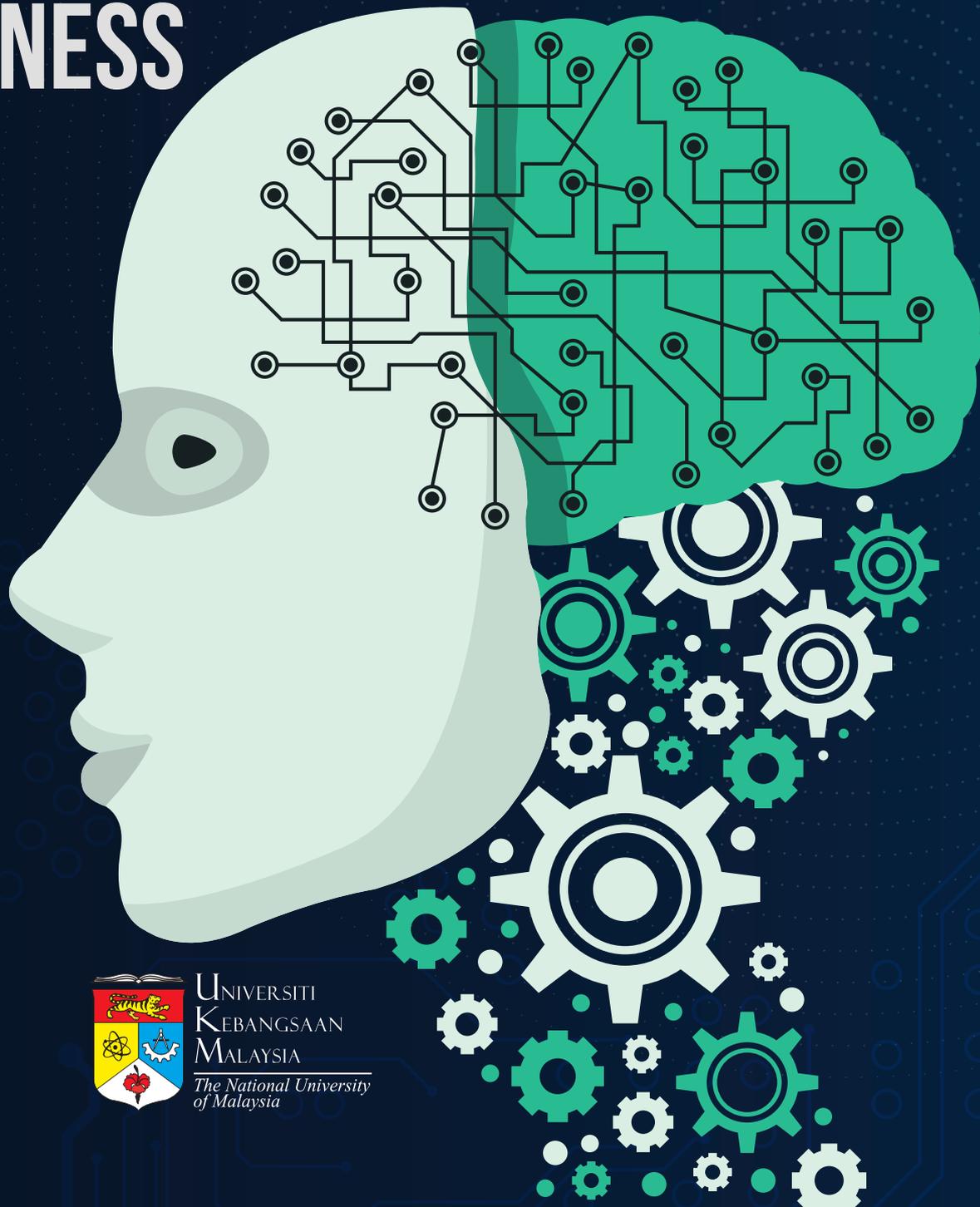


Bangji Management Review

ISSUE 03 / DECEMBER 2018

NAVIGATING THE FUTURE OF BUSINESS



UNIVERSITI
KEBANGSAAN
MALAYSIA
*The National University
of Malaysia*

UKM-Graduate School of Business (UKM-GSB)
Universiti Kebangsaan Malaysia
43600 UKM Bangi, Selangor Darul Ehsan

© UKM-Graduate School of Business (UKM-GSB)

All rights reserved. No part of this publication may be reproduced, stored, or transmitted in any form or by any means, whether electronic, photocopying, recording, or otherwise, without the written permission of the UKM-Graduate School of Business (UKM-GSB).

Third edition December 2018

Perpustakaan Negara Malaysia

ISSN 2600-8343

Printed by:
Awal Hijrah Enterprise
No. 12A & 12B, Jalan 3/69, Seksyen 3,
43650 Bandar Baru Bangi, Selangor.



9

- 1 EDITORIAL NOTE**
- CORPORATE FINANCE**
- 2 WHY DO SOME FINTECH STARTUPS FAIL?**
KASHIF IBADULLAH KHAN
- 5 SUSTAINABILITY IN INVESTING**
LOW SOO WAH
- OPERATION MANAGEMENT**
- 7 SERVICE OPERATIONS FLEXIBILITY**
FAZLI IDRIS
- 9 MENUJU KE ARAH SISTEM PEMBUATAN LEBIH EFFISIEN DENGAN LEAN**
ARAWATI AGUS
- ACCOUNTING**
- 11 CLOUD ACCOUNTING ECOSYSTEM**
NASUHA NORDIN
- TECHNOLOGY MANAGEMENT**
- 13 INNOVATION LAB: A PATHWAY FOR FUTURISTIC BUSINESS**
SHANTINI NAIR A/P CHANDRA SAIKHARAN
- 15 LEADING IN THE DIGITAL AGE**
ANIS NABILAH ROZALI &
NOOR NASHIRA AZDA AB HALIM
- 18 THE RISE OF ROBOTIC PROCESS AUTOMATION TO SUSTAIN COMPETITIVENESS IN BANKING INDUSTRY**
HAN YEE KWAN &
PREMAH A/P MANOHARAN
- 20 ENHANCING STRATEGIC DECISIONS IN THE AGE OF ANALYTICS**
MOHD SIDEK ABD GHAFAR
- 22 WHIZZING TO THE FUTURE WITH AI IN BUSINESS**
SUZANNE TAN
FARAHANIS WAHEDA ZAMRI
- 24 KAEDAH PEMASARAN PERNIAGAAN ATAS TALIAN**
WAN MOHD HIRWANI WAN HUSSAIN
- 28 DISINFORMATION: ECONOMIC LOSS AND SHORT-RUN GAINS**
MOONYATI YATID
- 30 E-COMMERCE: THE FUTURE OF LAST MILE CONNECTIVITY**
M. HAFIZ RASLAN
M. QIDRAN M. JOHARI
- HUMAN RESOURCE MANAGEMENT**
- 32 PERANAN KEJURULATIHAN PENGURUSAN DALAM MENINGKATKAN PRESTASI PEKERJA DI JABATAN PERKHIDMATAN AWAM**
NURSAADATUN NISAK AHMAD
IDA ROSNITA ISMAIL
AZMAN ISMAIL
- 35 AN ADVICE TO NEWBIES IN GAINING TRUST**
AHMAD SHAHRIL BIN SHAHARUDDIN
- 37 OPEN PLAN OFFICE: BAD FOR EMPLOYEES?**
NUR AMALINA KHAIROL MOKHTAR

39 JOB CHALLENGES OF EMPLOYEES IN NATIONAL ANTI-DRUGS AGENCY

FARAHINA FRANCIS MARTIN
MOHD NUR IMAN ABD MAJID

41 MACRO-MANAGING IS THE WAY TO MANAGE MILLENNIALS FOR BETTER PERFORMANCE

ARUN KUMAR S/O MURUGASU

43 THE WORKINGS OF A SMART PAYCHECK ADVANCE

AZRA SYAKIRAH BINTI ZULFAKAR

45 CREATING MEANINGFUL WORK THROUGH JOB CRAFTING

IDA ROSNITA ISMAIL
HAZLAN ABDUL HAMID

MANAGEMENT**47 MOVING FORWARD IN BUSINESS**

AMIRUDDIN ABDUL SHUKOR

50 MEMAHAMI FASA KEMEROSOTAN PRESTASI ELAK KEGAGALAN ORGANISASI

KHAIRUL AKMALIAH ADHAM
NUR SA'ADAH MUHAMAD
NUR FAIDAH MOHAMAD ARIFF

53 THE PUBLIC SERVICE OF THE FUTURE

JOHN ANTONY XAVIER

55 TAPPING THE UNTAPPED - TACIT KNOWLEDGE IN AN ORGANIZATION

SYED UZAIR OTHMAN

57 AWARENESS OF 'TEMPORARINESS' AND THE ROLE OF PLANNED CHANGE FOR AN ORGANISATIONAL SURVIVAL

MOHMAD ADNAN ALIAS

MARKETING**59 CAN MALAYSIA ATTRACT MORE TOURISTS FROM CHINA?**

LONG FEI

GOVERNANCE**61 ENSURING "1MDBS" NEVER HAPPEN AGAIN**

P GUNASEGARAM

63 ASSURANCE OF SHARIAH COMPLIANCE: IS IT ONLY FOR ISLAMIC FINANCIAL PRODUCTS?

NUR LAILI AB GHANI



EDITORIAL NOTE

Upon spending many personal and organizational resources, we often reminisce our past contributions towards achieving organizational aims. Successful implementation and execution of business processes boost our confidence: we made the right decisions about certain chosen practices. Celebration follows and legends are created. Little is known to many, there is a lurking danger awaiting unconsciously complacent businesses. Mary Parker Follet, the mother of modern management, had once cautioned: if a problem has been solved, the method used to solve it probably will generate new problems.

This words of caution tell us that we need to move forward, continuously. What is good at present may not be good in the future. Best practices that we have now can be replaced easily, especially in today's world. The constantly evolving external and internal business environments put the pressure on organizations every single seconds. A change in customer demands, employees' needs, business processes, legal decision, government's policies, technological improvement, or even platonic movement of the earth requires a business to reconsider its strategic directions. Hence, no business should remain plateaued, and no business should become the yesterday's news.

We conclude that breaking the routine is hard but it keeps a business moving along with its growth. Against this background, the third issue of Bangi Management Review includes articles focusing on the theme "Navigating the Future of Business". In this issue, readers will find twenty-eight interesting articles covering a wide array of business and management issues. It includes operations management, finance, accounting, human resource management, information technology, marketing, governance, and general management.

We hope that readers will gain new knowledge and interesting insights from our contributors' masterpieces. May be, the ideas can be the impetus for both researchers and practitioners in creating a better path for the future of businesses.

Guidelines For Authors

Bangi Management Review (BMR) is a practitioner-oriented magazine owned by UKM-Graduate School of Business. BMR is aimed at sharing the research knowledge and best practices among scholars and practioners in Malaysia.

BMR accepts submissions of approximately 1,200 words to 1,500 words from recognized authorities in their fields on topics and trends important to management education. All submissions will be reviewed by BMR's Editorial Advisory Council. Publication decisions will be made within four weeks of submission. Accepted articles will be edited to conform to BMR's format.

BMR is published twice a year.

[We welcome your submissions, suggestions, and comments. Email us at bmr.gsb@ukm.edu.my](mailto:bmr.gsb@ukm.edu.my)

EDITORIAL

ADVISOR:

Dean UKM-GSB

CHIEF EDITOR:

Ida Rosnita Ismail

ASSOCIATE EDITORS:

John Antony Xavier

Nasuha Nordin

Rasidah Mohamad Said

MANAGING EDITOR:

Syed Uzair Othman

EDITORIAL ADVISORY COUNCIL:

Othman Yong

Low Soo Wah

Arawati Agus

John Antony Xavier

Fazli Idris

DESIGN & PRODUCTION:

Muhammad Hafizdzul Ahmad

MANAGEMENT

SENIOR MANAGER:

Rohazaini Hasan

SENIOR EXECUTIVE:

Muhammad Aizuddin Saharudin

SENIOR SOCIAL RESEARCH OFFICER:

Samruhaizad Samian @ Samion

WEBMASTER:

Mohd Fadzil Ramli

MARKETING EXECUTIVE:

Mohamad Safwan Asraff

WHY DO SOME FINTECH STARTUPS FAIL?

By Kashif Ibadullah Khan

WELCOME TO THE DISRUPTING WORLD OF FINTECH!

These startup companies have garnered attention and news by riding on the wave of innovations like blockchain, digital wallets, peer-to-peer transactions and distributed ledgers technologies. One may ask why there is such a hype around Fintech these days. Fintech (financial technology) usually refers to startup companies that use technology to enhance financial products, services and customer experience. For example, payment services were once an exclusive function of the bank. Today fintech's electronic wallet and peer-to-peer payment services are now available everywhere, even to the unbanked population. Banking today is about moving bits and bytes from one computer server to another.

The financial services industry has faced a disruption from fintech startups; they are all ready to use the technology to deliver innovative customer and service experience. They are lightweight, agile, risk-taking, scalable, carry no legacy baggage and operate with build fast, fail fast and fail better operating model.

These companies are competing head-to-head for customers with established financial institutions. Venture capitalist-backed fintech startups raised 5.4 billion USD in the first quarter of 2018 globally. The value of investments in worldwide fintech startups developing peer-to-peer payments and lending services have hit 1.8 billion USD.

A transformation of the financial industry is in progress across the globe. In an attempt to shake off institutional complacency, financial institutions are learning to collaborate with fintech startups to enhance financial services and to inject customer centricity in their eco-system.

However, it is not all rosy and not every fintech startup is successful. We know how fintech startups have enjoyed sheer success by bringing innovative products and services. However, failed fintech startups have their own share of stories.

Static Brain Research Institute has compiled the startup-failure statistics for different industries. It is no surprise to see that financial services tech startup failures top the list, amounting to 58% of all startups. Other reports estimate this number to be between 60 and 70%. Why have more than half of the fintech startups failed?

Despite evidence of the failure of a significant number of fintech startups, there is little interest to perform a post-mortem to find out what went wrong with their strategies and execution plans. Unlike other conventional industries, fintech startups are expected to deliver hyper-growth. Analysing failures of fintech startups offer compelling insights on factors that contribute to strategy failure.

Scalability was not embedded in the business model

There is nothing more important for a fintech than having clarity about how it delivers and captures the value. The effectiveness of the business model and the manner by which a fintech will create value takes top priority in strategy formulation.

The basic premise to start any successful startup is a great idea. This idea must be tried and tested before it becomes a viable product or service. A business model is the enabler of value creation and a fintech must address the 'scalability' equation in the model.

Incorporating scalability in the business model means a fintech must achieve profitable growth quickly. This has become one of the fundamental factors for investors in their decision-making. If a fintech is not scalable then it carries a strategic risk in business from day one.

Factors like capital adequacy and human resource expertise needed to generate incremental growth are vital for scalability. Scalability offers economies of scale and lowering of costs. Every dollar of revenue earned should cost less than that of the previous dollar.

Design with strategy: Hope is not a plan

Fintech startups with fluffy strategy and execution plan do not usually see the light of day. This is one of the key reasons why many fintech startups have sailed into troubled waters. The strategy was not only flimsy, the partners, venture capitalists and employees too do not understand the strategy.

A long list of things to do is hardly a strategy. The failures have one thing in common; fintech startups were unable to differentiate critical objectives that directly impact its profitability.

Any viable strategy constructs a bridge between the challenges and actions to move towards the desired future state, which a startup has envisioned. Just a simple articulation of the desired state without detailing the challenges and counter measures is not a strategy; it is just a wish list.



A strategy must have the potential to succeed with the number of resources fintechs have at the time of drafting the strategy. While these startups were good at formulating their ambitious goals they did not have much clue how to get there.

So the question is why is a bad strategy so widespread among fintech startups? One possible reason is that fintech startups have misinterpreted goals with strategy. Their strategies were just fluffy statements of the future state without pivotal objectives to propel them closer to the desired state. Marketing and sales strategies were just as fuzzy as the core strategy.

Buzzwords and jargons were excessively used to bury the shortcomings of the strategy. These startups drifted from the core principle of strategy formulation; a business strategy which does not identify and analyze challenges, obstacles and risk is not a strategy.

Riding on the wave of tremendous hype that the fintech phenomenon has generated, case studies have indicated the tendencies to adopt off-the-rack and copy-and-deploy strategies with some tweaking.

A strategy with visible shortcomings is only a hope, and hope is not a strategy. Neither is it a plan.

Design for competitive advantage: Do not get your competitive analysis wrong

We have a great idea and we have a great product, our solution has no competition; we have heard this pitch before. No matter what your business school taught you about competitive analysis, once you are playing in Fintech battlefield, your only competitive advantage is a product or service that is difficult to replicate in a short time. Duplicated ideas and products are easy to discount.

Why these Fintech startups did not get the competitive analysis right at first place? The case studies have outlined that these Fintech startups were not able to see the all-inclusive landscape of competitive ground. Fintech industry is tight-lipped and market intelligence is not something you can easily get, leading these startups not able to spot discreet potential competition. We have seen this particularly in Payments space which has an easy entry vector but space is saturated and yet big technology names are coming with their own Peer-to-Peer payments and lending services.

Fintech startups who have seen the success get this piece right. They gather competitive information from multiple industry intelligence sources and they were meticulous in their analysis. One key lesson originated from these failures is Fintech teams fall into the trap of giving extra weight to the data that reinforced their beliefs about market and product. This has off-centred and to some extent skewed them from the ground realities during the strategy formulation phase.

Design for value and growth

Scrum, Agile and MVP (minimum viable product). You walk into any fintech-startup office and these are the terms you will hear often with contagious enthusiasm. Just count how many times the topics of value and growth come on to the table? The difference between successful and unsuccessful fintech startups is “knowing” and testing value and growth hypotheses.

The value of a product is the only reason someone uses it. A value hypothesis attempts to test if a product is valuable to potential customers. Startups that fail to offer value or no longer have a valuable product, find themselves in downward spin.

The value hypothesis tests whether a fintech offers value to a selected group of potential customers. It analyzes how many customers are willing to buy it. What is most important at this point is to see if anyone is willing to pay for the product, rather than whether someone actually does pay for it.

The growth hypothesis tests how new customers will discover your product or service. Successful fintech startups incorporate growth hypothesis in their core business strategy.

Design to sell: Innovations, products and services do not sell themselves

No matter how innovative is the idea and the product, innovation does not sell off itself. Fintech startups might possibly be trapped in “our-innovation-is-great” syndrome. No matter how good is the product and service, the startup still needs to connect the product to consumers. The consumer demographics and economic conditions in the financial industry are continuously evolving and markets where the product is sold change rapidly. Even if a fintech has a competitive advantage that is difficult to replicate by competition, continuous tweaking of the sales and marketing strategy is not an option anymore.

Another differentiator between successful and unsuccessful fintechs is management and estimation of the sales cycle. Fintech startups that believe that they will thump the sales cycle, particularly those who partner and develop services for banks, can be in for a surprise with long sales cycle. Large financial institutions usually have several decision-making layers that can prolong the sales cycle.

Design with compliance: Never underestimate the risk of compliance cost escalation

Compliance cost is a key risk that needs prudent risk management. Compliance with regulations is the top priority in the financial services industry. Security, data protection, privacy laws, customer due diligence, fraud prevention and money laundering regulations are some of these regulations. Widespread adoption of digital financial services has also increased the complexity of compliance.

A fintech that starts building the product first and leaves the compliance to a later part of the development will find itself in difficulty as the cost of development and support escalates due to changes in the compliance requirement. A fintech startup that does not understand well the compliance landscape in which their product and services are operating will find it hard to manage the compliance cost.

In a highly regulated industry where external factors drive the compliance landscape, the compliance cost can escalate in a short period, and thus make it difficult to manage the cost risk.

KASHIF IBADULLAH KHAN

Technology Service Management
Transaction Banking & Global Banking
SC Global Business Services (GBS)
Technology.Research.Development@outlook.com

SUSTAINABILITY IN INVESTING

By Low Soo Wah

Sustainability as defined in the Brundtland Report of the World Commission on Environment and Development is *“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*. The term sustainability is also used extensively by the investment community. Sustainable investing is an approach that takes into consideration the risks and opportunities presented by environmental, social and governance (ESG) factors in the investment process alongside the conventional financial information. In recent years, sustainable investing has been a central topic of interest for policymakers, companies, and investors at large. This investment approach is trendy and is gradually getting into the mainstream investment space.

In April 2018, Standard Chartered Private Bank commissioned a sustainable investing survey targeting the high net worth investors in selected countries in Asia; namely Singapore, China, India, and Hong Kong. The results published in the Asia Sustainable Review report 2018 underline the increasing importance of sustainable investing in Asia – over the next three years, investors in Asia with Chinese being the majority investor group are considering to increase their portfolio holdings of up to an average of 19 percent in sustainable related investments and also to further increase their investment exposures to 23 percent by 2021. According to the report, while the sustainable investing trend in Asia is driven by value-seeking generation of Millennials (Gen Y) who are socially and environmentally conscious, more mature investors (Gen X) have also started to embrace sustainable investing as they are also inspired to create a better future for the next generation.

In Malaysian capital market context, the rising investor demand for sustainable investment has led to FTSE and Bursa Malaysia launching an ESG index, known as the FTSE4Good Bursa Malaysia Index in December 2014. For companies to be included in the index, they have to fulfill several ESG inclusion criteria based on

the disclosure frameworks of the Global Reporting Initiative (GRI) and Carbon Disclosure Project (CDP). The objectives of the FTSE4Good Bursa Malaysia Index are to provide investors with a benchmark of investing in ESG related stocks, to increase the visibility of companies that have best ESG practices, to attract sustainability related funds into the Malaysian capital market, and to improve the quality of ESG reporting and disclosures.

Given that the investment sector is gradually moving toward an integrated approach of investing that considers non-financial metrics such as ESG factors alongside financial criteria, mainstream analysts and investment managers have little choice



but to expand their skillset and make changes to their investment analyses in preparing for this transformation.

The broad awareness among investors on sustainable investing and the increasing demand from investors for sustainability-related information have prompted research providers, investment houses, and rating agencies to expand investment services to investors by including sustainability research, rating and performance analyses. By embedding ESG metrics into investment analysis, financial analysts offer investors a clearer picture of the inner workings of companies for assessing the extent to which companies are being impacted by sustainability risks and opportunities. The adoption of a comprehensive ESG screening also contributes to minimizing excessive risks and allows investors and investment managers to find high quality investable companies.

The ongoing concerns on ecosystem change, resource depletion, work safety, waste disposal, climate change and changing social expectations imply that environmental, social, and governance factors can significantly influence the operating performances and stock prices of companies that do not pursue sustainability practices. Given the rising awareness among investors that sustainable investing can generate both returns and at the same time making positive impacts, corporate leaders should seize the opportunity by responding to this growing interest in sustainable investing among investors.

As ESG factors come with risks and opportunities, companies need to position sustainability as an important component of their corporate strategy. A company that adopts good ESG practices tends to be a well-managed company and when a company's sustainability effort goes beyond basic compliance with minimum standard, this will eventually lead to longer-term benefits for the company in terms of positive publicity, enhanced reputation, increased productivity and higher cost efficiency. On the other hand, improperly managed ESG risks can have material negative impacts on a company in terms of reduced productivity, low staff morale, potential lawsuits and negative publicity, all of which can lead to higher risk profile and lower corporate value. For example, a company that compromises on health and safety programs by delaying maintenance works in order to cut costs tends to have more workplace accidents. The largest study of CEO attitudes toward sustainability, the United Nations Global Compact-Accenture Strategy CEO 2013 study found that 93 percent of CEOs opined that sustainability plays key role in determining the future success of their businesses. Thus, if a company proactively incorporates ESG factors into its business strategy, it can be better positioned in managing sustainability risks to reduce the cost impacts and in capitalizing on the benefits generated by sustainability related opportunities.

In October 2015, to improve sustainability of the Malaysian capital market, Bursa Malaysia amended the Main Market and ACE Market Listing Requirements by introducing a requirement for listed companies to disclose in their annual reports a narrative sustainability statement (Sustainability Amendments) of their material economic, environmental, and social (ESS) practices and performances, hence replacing the existing corporate social responsibility (CSR) statement. However, sustainability reporting and disclosure are not yet widespread in Malaysia.

The Sustainability Amendments took effect starting from 31 December 2016, was implemented on a staggered basis until 31 December 2018. In preparing their sustainability statement, companies can refer to the Bursa Malaysia's Sustainability Reporting Guide which uses the terms economic, environmental and social (ESS) instead of ESG. In the Reporting Guide, sustainability is viewed without the governance element because the governance factor has already been covered under the disclosure requirements of the Malaysian Code on Corporate Governance (MCCG) 2017.

The Sustainability Reporting Guide assists listed companies on the implementation of sustainability practices and the disclosure of relevant information when making sustainability statement in their annual reports. The guide also emphasizes that sustainable practices and statements made by companies must be contextual taking into consideration their own circumstances such as resources, capability and experience. Companies must be diligent and exercise discernment when disclosing their sustainability information because the reliability of that information is important for investors to make well-informed decisions. Sustainability investing allows investors to incorporate their personal values, principles and beliefs in the investment process and in making ESG an integral part of their investment decisions, investors should focus on the material impacts of ESG factors on long run sustainability.

While sustainability practices and reporting can serve as catalysts for a company to strengthen its credibility and enhance its corporate value, strong leadership and commitments from the highest level are required for ensuring that sustainability can be embedded effectively. In conclusion, sustainability in investing is here to stay and it supports a nation's transition to become a more sustainable economy.

LOW SOO WAH (Ph.D)

Professor of Investment
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
swlow@ukm.edu.my
03 8921 3479

SERVICE OPERATIONS FLEXIBILITY

By Fazli Idris

During my short stay at the University of Tokyo, I often travelled by Air Asia. As much as I could, I would take the opportunity to book a three- seat- in- a- row for a nominal fee. It was a good deal as it offered extra comfort and space to travel from Tokyo to Kuala Lumpur. Of course, a passenger needs to put an option to get the deal. If the flight is full and AirAsia is not able to fulfil the option, it will refund the nominal fee that a passenger had paid earlier. To implement this system, Air Asia is teaming up with Optiontown in offering a three-seat flatbed for a fee that is as low as RM30 for its long-distance flights. A customer who has booked a ticket can enter an ESO (Enter Seat Option) to get the chance. The whole idea is to offer customers extra comfort while increasing extra revenue for the company. The implementation of the idea is possible as AirAsia encourages certain flexibility in its operations.

A few years ago, Air New Zealand, one of the most innovative airlines in the world, introduced the 'Skycouch', better known as cuddle class. The new design converts three economy-class seats into a "couch" by pulling back the armrests and raising the footrests. With this innovative design, a couple can secure a third seat at half-price, making a space they can use to lie down almost flat. The whole idea is to give choices to their customers. This move brings operations excellence to a new level. This requires good change-management practices to improve products and services for customers.

Obviously, companies that can implement service-operation flexibility in their system would be able to outcompete their rivals as they are able to offer higher-valued services to their customers.

Types of service-operations flexibility

Operations experts propose seven types of service-operations flexibility. Design flexibility is associated with the ability to create new designs with the introduction of new services. Often, customers request expanded services that require service providers go the extra mile in meeting customer needs. For example, a local satay outlet has introduced a new delivery service. It is quite an effort to extend their service to delivering that service

Package flexibility deals with offering a variety of services within a period of time. For example, not only can a travel agent offer ticketing services, but it can also extend that service by including other related packages such as accommodations and personal assistance. This could offer added value to customers.

The third type is delivery-time flexibility. This is related to the

ability to meet unexpected delivery-time changes. A company that could deliver an order faster or at different times is said to have this flexibility capability. Imagine an important customer requires a service provider to deliver an order a month earlier than scheduled. The capability to do that will earn the service provider a good reputation and attract new business. With the use of technology and faster processing capability, this flexibility is not difficult to develop.

Next, delivery-location flexibility is the ability to offer services in different locations. Instead of having a fixed location, a service provider could offer it in some other places. Let us say, instead of just servicing Bangi and Kajang areas, you could organize your people and equipment to deliver to Cheras or Serdang. This ability will expand your market base.

Volume flexibility is the ability to cater for higher levels of demand. It is quite challenging to expand the volume, especially during peak times. Certain businesses, such as hotels and bus services, are limited by operational capacity. However, for some services such as food and beverages, the capacity could be adjusted accordingly.

System-robustness flexibility is the ability to continue operating despite sudden changes. For example, this flexibility is crucial when there is a breakdown of the system or certain changes take place. If a company possesses a system-robustness capability, services could still be fully operated. As an example, a restaurant operation could still continue operations despite electricity outage because it has a backup system.

Finally, customer-recovery flexibility is about having the ability to recover customers if the delivery system faces problems. This flexibility is also very important to professionally solve any customer problem when a service cannot be fulfilled. The ability to recover customers will minimize the probability of a customer switching to another brand. For example, a customer who is outraged because the renovation works are not completed on time and your staff is able to convince him of the reason for the delay and offer the customer a good solution.

How to be more flexible?

A model called rigid flexibility offers ways for service companies to become more flexible. The principles of simplicity and discipline could be used to prepare companies to be more flexible. Simplicity is about the firms' initiative to streamline information and simplify material flow processes. Simplicity puts together all the processes involved, for instance, the product concept and design, manufacturing processes, and lastly, the distribution processes to reach customers or end-users.



In contrast, discipline is about the implementation of steady and dedicated procedures and processes. For example, changes in the environment could result in improvements to several areas such as planning, technology used, labor development, scheduling, changes in product design, and controlling processes. Examples of discipline are the standardization of procedures, the allocation of adequate employee training, periodic machine maintenance, implementation of inventory management, and warehousing.

A study conducted by the author found that Air Asia practises the elements of simplicity and discipline in its operations. For example, the company's decision to use one type of aircraft ensures its easy maintenance and training of staff. The use of IT at the company helps the company to plan for unexpected changes. The clever use of IT has enabled the control filter to function properly. It simplifies booking, sales and checking-in procedures. Furthermore, the company has locked-in a partnership with its IT vendors for mutual benefits where AirAsia can constantly improve its system while the IT vendor learns to create innovative products according to customer requirements. By utilizing IT, the company has managed to simplify its operations of checking-in through its free seating practices. Furthermore, it simplifies the delivery of food and beverages to the passenger through a limited choice of snacks and beverages. Finally, it has a simplified organizational structure that helps its management to communicate quickly with those at a lower level.

In addition, training and development help the company achieve the element of discipline. Performance measurement is used to monitor the achievement of standards. Such efficiency indicators as the 25-minute turnaround of an aircraft, 85 per cent on-time arrivals and departures are utilized. This practice is a standard (such as the ISO standards) to achieve discipline. In addition, the total-quality culture adopted by the company provides discipline for managing its operations.

Air Asia and Air New Zealand are two excellent companies that practise service operations flexibility to successfully manage their operations.

FAZLI IDRIS (Ph.D)

Deputy Dean (Academic Affairs)
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
fazli@ukm.edu.my
03 8921 5761

MENUJU KE ARAH SISTEM PEMBUATAN LEBIH EFFISIEN DENGAN LEAN

Oleh Arawati Agus

Dalam persekitaran perniagaan yang dinamik dan bergolak masa kini, syarikat-syarikat pembuatan Malaysia tidak boleh lagi berpeluk tubuh dan berpuas hati dengan operasi perniagaan sedia ada. Mereka perlu menjalankan perniagaan selari dengan perubahan drastik yang tercetus dari perubahan kehendak dan kemahuan pelanggan yang menuntut agar mereka ditawarkan produk-produk yang berkualiti, bernilai tinggi serta inovatif pada harga yang kompetitif. Syarikat-syarikat pembuatan Malaysia tidak boleh ketinggalan terutama untuk terus kekal bersaing dalam keadaan perniagaan yang mencabar masa kini dan tanpa had batasan sempadan.

Untuk terus kekal berdaya saing, mereka perlu sentiasa peka terhadap semua perkara yang berlaku di luar organisasi syarikat terutama dalam sistem pengeluaran Lean. Mereka harus bersedia melakukan tindakan perniagaan yang strategik serta bersedia menghadapi segala cabaran perniagaan dengan teknik yang boleh membawa keuntungan kepada syarikat secara penjimatan serta menghargai pekerja. Terdapat cadangan menyatakan pengeluaran Lean berteraskan kepada dua prinsip iaitu "penghapusan pembaziran" dan "hormat pekerja" yang boleh memacu syarikat-syarikat pembuatan Malaysia ke arah proses dan operasi yang lebih baik, lebih jimat dan lebih efisien (Womack et al. 1996; Liker 2004).

Era menuju ke arah pengeluaran Lean merupakan paradigma baru yang menjadi asas bagi penambahbaikan proses berterusan dan kecemerlangan di dalam pembuatan dan perkhidmatan. Pendekatan Lean tertumpu ke arah pembentukan nilai menerusi penghapusan berterusan pembaziran. Pembaziran yang harus dielakkan dalam Lean terbahagi kepada lapan iaitu (i) pembaziran terlebih pengeluaran, (ii) pembaziran masa menunggu, (iii) pembaziran pengangkutan, (iv) pembaziran inventori, (v) pembaziran memproses, (vi) pembaziran pergerakan, (vii) pembaziran kerosakan produk dan yang terbaru (viii) pembaziran bakat pekerja (Womack et al. 1996; Liker 2004). Bagi meningkatkan keefisienan dan produktiviti, organisasi perlu mengurangkan pembaziran tersebut.

Organisasi yang menerapkan sistem Lean perlu mempunyai nilai tambah terhadap pelanggan dengan menumpukan proses utamanya iaitu meningkatkan nilai pengeluaran Lean secara berterusan. Penumpuan proses utama ini merupakan matlamat akhir pengeluaran Lean dalam menyediakan nilai tambah yang



sempurna kepada pelanggan menerusi pembentukan nilai tambah pembaziran sifar. Penghapusan pembaziran di bawah pengeluaran Lean perlu meliputi keseluruhan aliran nilai yang berupaya mewujudkan proses penjimatan tenaga manusia, ruang, modal dan masa untuk menghasilkan produk dan perkhidmatan pada kos, pembaziran dan kerosakan yang lebih rendah berbanding sistem pengeluaran tradisional. Justeru itu, syarikat-syarikat pengeluaran akan lebih berupaya bertindak balas kepada perubahan kehendak pelanggan serta menawarkan pilihan yang luas, menghasilkan kualiti produk yang tinggi, kos yang rendah dan kadar pengeluaran yang lebih cepat.

Pengeluaran Lean juga merupakan sistem pengeluaran berintegriti penuh yang menyerap unsur meminimumkan kos dan pembentukan nilai tambah menerusi penghapusan pembaziran, pemiawaian proses, peningkatan komitmen pengurusan dan pekerja dalam menggembelng tenaga sebagai satu pasukan ke arah mencapai inisiatif produktiviti dan kualiti. Inovasi ini tidak boleh dilaksanakan hanya menggunakan strategi arahan atasan ke bawah sahaja tetapi memerlukan komunikasi yang baik dan berkesan ke seluruh organisasi.

Pengeluaran Lean juga menitik beratkan pengurangan pembaziran bagi meningkatkan keefisienan reka bentuk dan proses aktiviti pengeluaran. Selain itu, kualiti produk dalam pengeluaran Lean juga di jangka mampu ditingkatkan dengan sempurna. Hal ini disebabkan ideologi sistem Lean yang diperkenalkan merangkumi penyerapan elemen kualiti ke dalam sistem dan produk yang dihasilkan serta bukan menggunakan konsep strategi, buat dahulu, periksa kemudian.



Dengan mengenal pasti punca awal masalah ini, ia akan mengurangkan kecacatan, kerosakan dan penolakan produk yang berupaya mengurangkan kos dalaman seperti keperluan pengujian serta pemeriksaan rapi dan kos luaran seperti waranti, tuntutan dan pemulangan produk (Womack et al. 1996; Liker 2004).

Pelaksanaan Lean memerlukan penggabungan tenaga pekerja yang berterusan bagi menjalankan pembaikan bersesuaian dengan kemajuan dalam teknologi, piawai dan penetapan baru di samping petunjuk dari amalan terbaik industri. Sistem teknologi dan maklumat memainkan peranan penting dalam mengubah cara pengendalian perniagaan. Sesetengah organisasi memanfaatkan penggunaan teknologi untuk meningkatkan daya saing mereka menerusi penggunaan sumber yang lebih efektif dan proses pengeluaran yang moden. Di samping itu, sistem maklumat pengeluaran ini dijangka akan menjadi lebih mudah, tepat dan cepat. Justeru itu, adalah perlu membentuk budaya kualiti yang menekankan penambahan nilai berterusan menerusi sistem pengeluaran Lean agar organisasi tersebut dapat menikmati kebaikan seperti peminuman kos, pengurangan pembaziran, pengurangan kerosakan produk, peningkatan jualan dan menambah keuntungan. Kebanyakan organisasi memilih sistem pengeluaran Lean untuk meningkatkan prestasi operasi, penurunan kos pengeluaran, masa kitaran pengeluaran yang pendek, peningkatan penjimatan, integrasi pengeluaran dan keuntungan yang signifikan yang terhasil dari pelaksanaan Lean yang efektif.

Walau bagaimanapun, syarikat-syarikat pembuatan perlu mengintegrasikan fungsi sokongan dalam sistem Lean dengan mengukuhkan hubungan dengan pihak pelanggan sama ada secara dalaman, luaran dan juga kepada pembekal utama. Hubungan jangka panjang dengan pembekal utama yang boleh dipercayai merupakan pendekatan pengeluaran Lean yang berjaya. Syarikat-syarikat pembuatan di Malaysia perlu bersikap terbuka dan berkongsi maklumat pengilangan dengan pihak pembekal yang rapat agar perniagaan yang dijalankan dapat berkembang maju dan berupaya membentuk pakatan sinergi yang berkesan. Sebagai program pengurusan yang berintegrasi penuh, penambahbaikan berterusan di bawah pengeluaran Lean perlu diserap ke dalam semua fungsi yang menyokong proses dan operasi pembuatan. Oleh demikian, amat penting bagi semua jabatan memahami peranan mereka dalam proses transformasi Lean ini (Womack et al. 1996; Liker 2004).

Namun, penukaran kepada sistem baru seperti pengeluaran Lean ini memerlukan pengorbanan masa dan tenaga, penyesuaian program dan perkongsian maklumat serta peningkatan inovasi. Penerapan sistem pengeluaran Lean memerlukan kolaborasi tenaga dari semua pekerja dalam organisasi. Halangan yang terbesar yang berlaku kadangkala bukan daripada masalah peralatan atau mesin yang digunakan tetapi kekangan manusia. Pekerja perlu sedar kepentingan perubahan ini untuk kelangsungan syarikat dan diri mereka sendiri. Keupayaan dan kemahiran pekerja boleh dipertingkatkan menerusi penyediaan latihan yang bersesuaian agar mereka dapat memahirkan diri dalam pelbagai kemahiran dan keupayaan pengendalian mesin serta peralatan berteknologi tinggi. Skop tugas pekerja perlu diperkaya mengikut kepakaran seiring tugas harian yang harus ditambah baik secara berterusan. Sementara itu, pengurusan atasan harus menyokong perubahan yang baik ini dengan menunjukkan contoh pimpinan yang jitu.

Sokongan yang padu daripada pengurus berpengalaman perbincangan kumpulan kualiti, sesi cetusan idea dan latihan adalah perlu jika syarikat-syarikat pembuatan Malaysia ingin melaksanakan pengeluaran Lean dengan jaya dan berkesan. Sokongan padu daripada pengurus berpengalaman yang menitikberatkan perbincangan berkualiti secara kumpulan, berupaya mencungkil cetusan idea yang bernas dan penambahbaikan latihan berkemahiran. Perkara ini amat penting dalam memastikan kejayaan sesebuah syarikat pembuatan Malaysia yang ingin melaksanakan sistem pengeluaran Lean ini.

RUJUKAN

Womack, J. P. & Jones, D.T. 1996. Beyond Toyota: how to root out waste and pursue perfection. *Harvard Business Review*. 74(5): 140-151.

Liker, J. K. 2004. *The Toyota Way - 14 Management Principles form the World's Greatest Manufacturer*. McGraw-Hill. New York. NY.

ARAWATI AGUS (Ph.D)

Profesor Pengurusan
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
araa@ukm.edu.my
03 8921 3721

CLOUD ACCOUNTING ECOSYSTEM

By Nasuha Nordin

In the complex world, every business, business owners, professionals, authorities and various stakeholders belong to an ecosystem. According to dictionary.com, there are two broad definitions of an ecosystem; first being the biological community, and the other is a complex or interconnected system. Business falls somewhere in between. The heart of any business ecosystem is financial and accounting information.

Accounting information records have mostly been kept by using desktop accounting software. However, it has evolved significantly to minimise error, improve efficiency and reduce cost. Cost reduction is one of the two main contributors to profitability; the other being increased revenue. Profitability is one of the three pillars or widely recognised as the triple bottom line (TBL) to business sustainability. Accounting information plays an important role in providing information for performance evaluation and strategy formulation to assess TBL.

The accounting system has evolved since it was first introduced using a physical ledger in 1494. Generally, accounting system evolution can be categorised into three main eras. First, the 90s era of Windows age, followed by SaaS (software as a service), and the latest being the mobile accounting system. Each era of the accounting system has its strengths and weaknesses and each serves the same purpose, which is to provide sound and relevant financial information through the accounting system. Figure 1 illustrates the evolution of the accounting system.

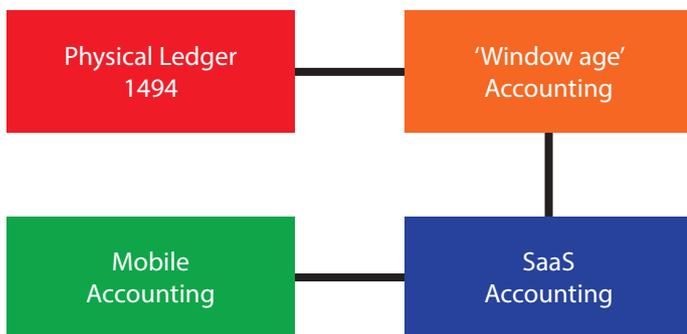


Figure 1 Accounting System Evolution

Mobile accounting, or mostly referred to as cloud accounting system, is simply business financial records done through the use of the internet. Imagine, back in the 1990s, whenever a sales manager travelled abroad, any travelling expenses could only be recorded onto the system when she came back from the business trip due to being off-line or having adopted the SaaS accounting record system.

Cloud accounting provides a solution for immediate recording of travelling expenses for managers so that an accountant can better manage the cash flow. In a nutshell, cloud accounting provides timely financial information regardless of geographical location, as long as there is a safe internet connection. This is not the only benefit of cloud accounting as there are many other features that provide benefits for financial information users. University of Iasi, Romania described eight benefits of cloud accounting, as shown in Figure 2.

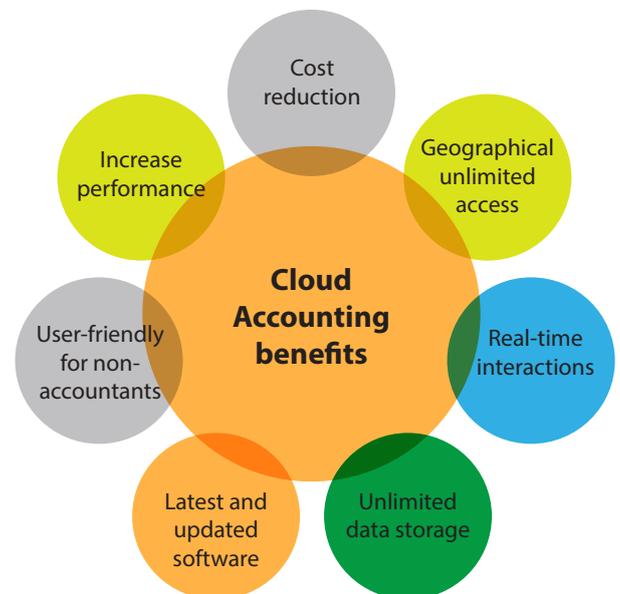


Figure 2 Cloud Accounting Benefits

Given the benefits that cloud accounting provides for business owners and their stakeholders, the next question is how do we optimise the benefits? Does this mean, businesses no longer need accountants? Most importantly, should businesses adopt or migrate to cloud accounting?

The first two cloud-accounting benefits pertain to cost reduction and performance. While businesses might have subscribed, adopted or migrated to a cloud accounting system, there is a risk of under optimising the features subscribed. Businesses can optimise usage of the features by assessing their needs and resources. To avoid a mismatch of cost and benefit upon adoption of or migration to the new accounting system, providers of cloud accounting systems often advise businesses. Firstly, to consult professional accountants to identify financial and accounting information needs. Secondly, there should be a trial period to experiment various cloud accounting services offered before deciding full subscription of respective cloud accounting services and finally, companies should perform

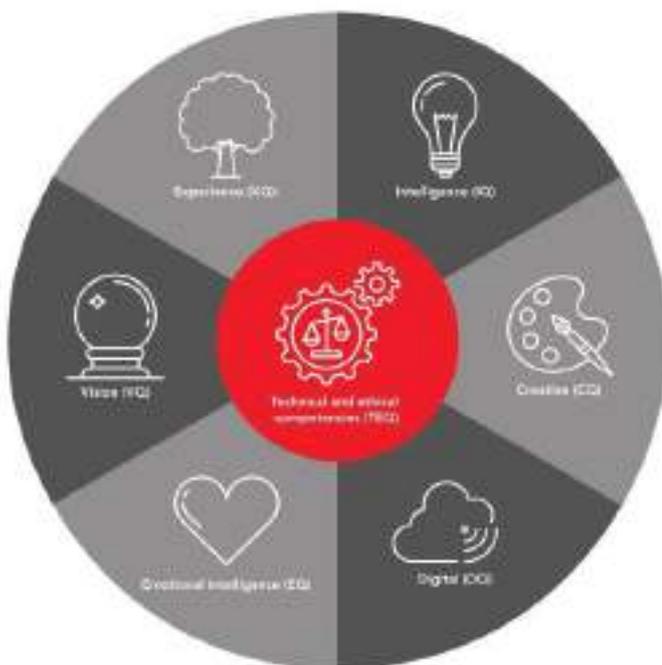
a cost-benefit analysis before the adoption of a cloud accounting system. These steps will not eliminate risk, but it will mitigate the risk of a mismatch between the cost and benefit of adopting cloud accounting, and enhance business performance through ideal subscription.

The other six benefits of accounting information are related to digital technology elements, which are unlimited geographical access, real-time interaction, unlimited data storage, latest and up-to-date software, and user-friendliness for non-accountants. Does this mean the end of accountants' role in the accounting ecosystem? Cloud accounting's main objective is not to replace human intelligence, i.e. the accountant, but to complement the accountant's role. Let's paint a scenario: as a business owner would you need an accountant as bookkeeping master or business development advisor? Between these two roles, which role would bring higher value for the organisation; a bookkeeper, an accounting information gatekeeper with the potential of making multiple human errors, or a business development advisor who assumes a forward-looking role? To ensure business sustainability and to move forward in business, a business owner would prefer a forward-looking advisory, which provides higher value-added to the organisation. Hence, cloud accounting acts as artificial intelligence to complement an accountant's value-adding role.

While maintaining excellent technical and ethical quotient, professional accountants also need to enhance their personal skills such as creative, emotion, vision and experience quotients. Furthermore, professional accountants are encouraged to expand their additional technical skills to develop their digital quotient. In the adoption of cloud accounting, upskilling digital competencies is not just for professional accountants, but also for other stakeholders of the cloud accounting ecosystem. The three means of upskilling talent in advancing the digital quotient are obtaining a professional qualification in digital competencies, in-house training, and external forums. In addition, businesses also need to demonstrate the ability to strike the right balance between technology innovation and non-technological innovation .

As a conclusion, we live in complex times, therefore disruptive technology intervention is timely. Cloud accounting system is an example of perceived disruptive technology. Accounting information no longer serves as historical data for bookkeeping purposes. Instead, it is more important that accounting information functions as a business development drive to enable businesses to move forward and ensure business sustainability. Let us open our hearts to a beautiful human-machine relationship!

Professional quotients for success



ACCA 7 Quotients. <http://future.accaglobal.com/the-future-of-accountancy/the-seven-skills-for-success> (accessed on November 15th, 2018).

Sustaining the relevance of financial accounting Information. Bangi Management Review edition July 2018. UKM-Graduate School of Business.

NASUHA NORDIN (Ph.D)

Head of Industry and Community Relations
 UKM-Graduate School of Business
 Universiti Kebangsaan Malaysia
 nasuha.nordin@ukm.edu.my
 03 8921 7150

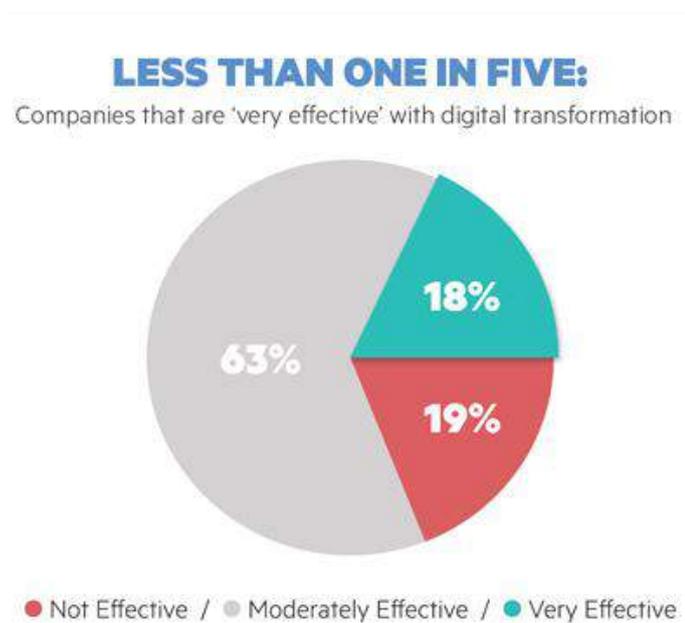
In 2016, the ACCA launched its advocacy to uphold professional accountants' relevance in the technology-disruptive era. The ACCA identified seven quotients of intelligence which are:

- TEQ : Technical and Ethical Quotient
- IQ : Intelligence Quotient
- CQ : Creative Quotient
- DQ : Digital Quotient
- EQ : Emotion Quotient
- VQ : Vision Quotient
- XQ : Experience Quotient

INNOVATION LAB: A PATHWAY FOR FUTURISTIC BUSINESS

By Shantini Nair A/P Chandra Saikharan

In this information age, technology has introduced many good things to the world; however, besides the obvious benefits, it also has created many challenges especially to the large establishments that have operated independently with their own specific and established processes. According to Forbes (2016), 84% of the companies are failing at the digital transformation.



Source: Harvey Nash/KPMG CIO Survey 2017, *Navigating Uncertainty*, p.26

Michael Gale (Founder of Strategic Oxygen, 2001) in his statement to Forbes, stated that basically one in eight got it right and then there were ranges of failure whereby more than 50 per cent just did not go right at all. In fact, their expectations were neither met nor exceeded with the gap between expectation and meeting was so enormous it was considered as a failure. In a nutshell, these technological developments are constantly disrupting all sorts of industries, and indirectly shredding apart out-dated power structures and rendering old ways of working obsolete.

In order to overcome these circumstances, firms need to find a strategic solution to be on top of the new technologies that could have a significant impact on their industries and ultimately provide them an edge over their competitors. One of the best ways that firms could achieve these objectives would be the creation of innovation labs; a place in the firm to spearhead new ideas or product development.

An innovation lab is a workspace designed to optimize innovation and to promote creativity. It is a unique environment for sharing information, fostering creativity, building new knowledge, creating alignment and developing comprehensive solutions. Furthermore, the layout of this space could include furniture on wheels that could adapt to the needs of the participants, large mobile whiteboards to facilitate brainstorming, illuminated display environment and many other facilities in order to ensure that it is a space to promote the ideas for creativity without any obstruction.

Large companies such as Symantec, Absolut Labs, and Microsoft Research, build their innovation labs with the concept of recreating the atmosphere of a start-up. It is a space where risk-taking is encouraged and everything is geared towards stimulating creativity and fostering new ideas, helping towards developing technologies and business strategies, and recruiting tech talent. Besides that, with the development of innovation labs, companies are hoping this would help them to crack the next "big thing" and as well as staying on the cutting edge of technology.

On the other hand, according to Technative, the vast majority of the companies are predicted to fail even after the implementation of innovation labs. They would have to shut down to save on costs if they have not generated the revenue that the companies anticipated.

However, contrary to data from Technative, implementation of innovation labs is extremely successful for some companies. For example, Google has opened their innovation labs in their offices all over the world. Furthermore, a study by Capgemini Consulting, entitled Innovation Game, discovered that 38% of the world's top 200 companies have set up their own innovation labs. These companies are mainly from the manufacturing, telecommunication, financial services, consumer products and retail sectors. Therefore, it is safe to say that the innovation lab has to be properly defined with a clear purpose in order for it to be a successful workspace.

Research identifies four broad categories of innovation labs. They are mainly known as in-house innovation labs, university residences, community anchors, and innovation outposts. Each of these categories differs in terms goals and amount of investment required.

The first category is the in-house innovation lab. This is a platform where companies perform all innovation activities from initiation to prototyping using an in-house approach. Thus, these labs are

typically large in size with hundreds of staff as they use in-house expertise. For example, the Walmart Lab is a part of the Walmart Global eCommerce team, which runs the Walmart's global website. These two teams work together so that e-commerce innovations can be seamlessly introduced into the website.

The second category is the university residence. Here, companies invest by setting up a lab at a university campus to promote innovation through university researchers. The Volkswagen has adopted this framework by having an innovation lab at the automotive section in the Stanford's University School of Engineering. In addition, the Volkswagen Group has donated \$5.75 million to the creation of this lab, including \$2million for building construction and another \$750,000 a year for five continuous years for the research.

The third category for the firms to consider is the community anchor. It works by actively identifying their mentors and providing opportunities to start-ups to work actively with the firm to test their products. In this model, start-ups can benefit by gaining exposure from mentoring and also by the introduction of mature processes to test their innovations. Companies that adopt this framework include Allianz which has launched its Digital Innovation Hub called Asia Lab in May 2016. Allianz's Asia Lab invites early-stage companies, students and innovators to run proof-of-concept pilots with the possibility of eventual licensing, development and commercialization on a large scale in areas such as Big Data, social media and mobile telephony.

The fourth model that a firm can consider adopting is the innovation outpost. It comprises a small team based in technology hubs where it will involve with the tech community, without committing any significant investment. However, as time progresses, firms can choose to grow these labs to another form of innovations centres. Renault-Nissan, for example, initially set up a small Silicon Valley Research Office in 2011 focusing on vehicle IT, advanced engineering research and technology recruitment. By 2013, the office was expanded to specialize in autonomous driving and connected vehicles. Through this centre, Nissan Leaf, the world's first affordable, mass-marketed pure electric car was created. Nissan has delivered more than 7,500 Leafs worldwide.

By the creation of innovation labs, companies can grow their firm. This is because many innovation labs actively seek start-ups, venture capitalists, academics, and other industry stakeholders in order to have extensive engagement and directly gain fresh ideas. One executive from a major European financial services firm said: "We have a stated goal to host over a million-external people for different events from big data to social media and emerging payments or peer-to-peer lending. We host hundreds of people in these events every day. The idea is that if you become sort of the epic centre of the velocity of ideas and innovation in the space, you will benefit from that."

Second, firms can enhance risk-taking ability. Innovation labs are commonly known as "risk-seekers", unlike their larger, risk-averse parent organizations. The ability to take on risks is crucial for delivering innovation. In the words of AT&T's Ruth Yomtoubian: "Our innovation centre lets us take on risks that the rest of the organization may be unwilling to take on."

The third benefit that corporations can expect is talent attraction. This is because through innovation labs, organizations can showcase their brand strength and start-up culture and attract top talent at universities. In the words of an innovation executive at a leading fashion retailer: "We went to campus placements right after the announcement of our innovation lab and our ticket was hotter than Twitter and Facebook."

Besides that, it also drives employee engagement. Employees get excited and motivated when they engage with the latest technologies and new ideas. Other than engagement, innovation culture would also be built up as it would have a greater positive impact for successful innovation labs.

Presently, firms in Malaysia are warming up to the idea of having an innovation lab. One of them is Sunway ILABS, which is Malaysia's Fifth Digital Hub. According to Datuk Yasmin Mahmood (CEO of MDEC), digital hubs provide start-ups and tech entrepreneurs the connections and dynamic workspaces to achieve rapid growth and help Malaysia establish itself as a digital and tech hub in the ASEAN region.

In conclusion, the creation of an innovation lab will impact the profitability of the company where it will help to sustain the company in the long term. Most of the firms have started to work with start-ups in order to explore new arenas and industries without investing too many resources. Innovation has taken two things that already existed and put them together in a new way.

SHANTINI NAIR A/P CHANDRA SAIKHARAN

Billing Analyst
British Telecom
venesha_vc@hotmail.com

LEADING IN THE DIGITAL AGE

By Anis Nabilah Rozali &
Noor Nashira Azda Ab Halim



The advancement in technology and innovation has created a situation where the world now relies so much on technologies in order to expedite the day-to-day tasks. The change is rapid and Malaysian leaders should have the ability, knowledge, and capability to deal with the new changes as business increasingly relies on digital technologies. Leaders must possess these capabilities in this challenging time to ensure the company targeted vision, mission, and goal are successfully achieved. Realizing this emerging urgency, digital leaders are now highly in demand by many organizations because they are technology savvy, data driven and able to inspire teams to engage in rapid experimentation that drives productive transformation and achieves better business outcomes.

Leadership also involves leading a group of people or an organization and inspiring others to perform well in order to achieve challenging goals. Therefore, digital leadership requires the strategic usage of a company's digital assets at both organizational and individual levels.

Digital leaders are important to organization. They possess a higher level of the relevant knowledge, capability and ability in handling and using digital technologies than other employees in the organization. They always find new ways of doing business by fully utilizing organization's digital assets to ensure efficiencies and effectiveness in operating the business and achieving organization's goals, mission and vision (Waleed Afandi, 2017). For example, during digital transformational, digital leader

will innovatively create new approaches to improve certain procedures of an organization, to find new ways of conducting and delivering better services to internal and external customers. Digital transformation of new technologies are being adopted by organizations in order to compete with other competitors in the market.

Digital leader obviously can improve their leadership skills while executing their tasks. According to Aamir Khan and Dr. Wisal Ahmad (2012), digital leadership can improve leader's ability to communicate, ability to motivate people and ability to encourage team buildings. Ability to communicate effectively is very important, specifically communication with top management, customers and subordinates. Digital leaders can improve their communication skills and can make effective digital and technological changes in their organizations. Ability to motivate is greatly important to create leadership effectiveness by inspiring others and encouraging positive digital transformation in an organization. Lastly is the ability to build and manage team. In an organization, we work as a team, not individual. Therefore, as leaders, they must fully engage with employees to arouse their interest towards digital technology.

According to George R. Goethals, Georgia Sorenson, and James MacGregor Burns (2004), digital leadership may refer to the top management with a vast digital technological knowledge and involves in the transition process toward the digital computing, communications and multi-media.

As of July 2018, population of Malaysia is currently consisting of 44.64% Gen Z and Millennials, 41 % Gen Y and Gen X, and the remaining are people from the Baby Boomers era. From the statistics, people from Gen Z until Millennials have entered the employment sectors. This generation has different communication preferences and level of tolerance to adapt with. They are enthusiastic about technology and even able to explore without any manual guidance. Thus, digital leaders should have higher digital competency in order to accommodate with current demands.

Do Malaysians have the competencies as the digital leaders? There are several competencies that a digital leader should possess. According to George R. Goethals, Georgia Sorenson, and James MacGregor Burns (2004), skills, attitude, knowledge, experience and ethics are some of the characteristics of a digital leader. However, we would like to add other competencies that can enhance their capabilities.

1. Digital Vision and data driven business minded

Company's vision is the most crucial part that helps organization focused in order to work towards the accomplishment of the goal. Thus, leaders in the digital era should set the vision towards the objectives. Leader must be able to find the tangible and intangible benefits when they decided to go digital.

Leaders of digital should have the data driven business minded. From the information collected earlier, it may help the company to understand the performance target that needs to be achieved. Digital leadership nurturing should also be embedded as culture and cascade down to the staff.

2. Identify and develop new talent

Leaders must be able to identify existing talents that are needed by their companies. Talents in digital thinking can bring a lot of benefits to a company. A good leader should be able to identify good talented staffs from all sections or units in the organization. These talented employees can assist leaders to plan, monitor, perform, motivate staff, and organize resources in order to achieve company's goal.

3. Understand the impact of digital on business.

Digitization can bring a lot of improvements to a company. It can simplify the work process as well as create cost savings to the company. For example, tendering projects can be processed in a shorter time and the details and requirements can be published through website. To understand the tendering process, digital knowledge is important. Taking risk by investing in digitization and technology advancements in the business is something that leader should explore and understand.

4. Continuously strive for improvement

Leaders should always seek for continuous improvement in their daily tasks. Continuous improvement tools like Lean Management, Poka-Yoke, and Kaizen are suitable to be implemented as they would create added value in products or services. If it is done effectively and consistently, it will improve productivity of the company. Other than that, market assessment tools like PESTEL Analysis and SWOT analysis can be utilized in reviewing certain factors and analyzing the market. Technology may help to reduce human error in comparison to doing things manually.

5. Communication

Communication in the digital era will be easier as information will be distributed via various channels such as e-mail, video conference, WhatsApp and others. The products offered not only can be reviewed immediately, it also can be sold instantly.

Digital leadership should be nurtured in every business environment, including in architecture, hospital, engineering, education, and many other sectors. According to Tadeja Zupancic et al. (2016), digital leadership plays an important role in an organization. As mentioned in the previous paragraph, digital leader has an obligation to introduce transformation and modernization. Although digital leadership has a lot of advantages to an organization and individuals, not many organizations pay enough attention to this kind of leadership competency especially in Malaysia. There are limited formal studies specifically in academic research about this topic but there are many non-formal discussions and information in websites, forums, catalogues and magazines.

According to Aysegul Candan Balan and Katie Cavendish (2017), there is a lack of literature on digital leadership since there are limited empirical researches on this topic. They also added that there are many books and articles about leadership and digitalization, but very few studies investigate it from a holistic perspective.

We suggest a few mechanisms for businesses to pursue digital leadership functions and operations in the future. Training is one of the mechanisms. Training can develop employees' skills and expand their networking within internal and external sources. According to Raja Abdul Ghafoor Khan, Furqan Ahmed Khan, and Muhammad Aslam Khan (2011), training should fulfill the skills needed by the employees and the result will improve performances of the organization. Next mechanism is knowledge. Organizations need to support their employees to further their studies, particularly in digital technologies. It will develop integrative knowledge in terms of professional digital individuality; to create knowledge expansion through or within different contexts, and to adapt to dissimilarities in people or conditions in order to find solutions (Tadeja Zupancic et al., 2016).

Last but not least, most important mechanism we suggest is culture. Organization must create a strong culture among employees about digital technologies. Employees may not realise they can be digital leaders. Creating a digital culture will reduce the gap between employees and digital technologies. When organization's culture is geared towards digitalisation, employees become more efficient and effective in delivering their tasks and consequently improve organization performance in the future. As mentioned by Petr Chocholáč, & Nirundon Tapacha (2015), organization has to support their employee by identifying and rewarding positive behaviour and effort, and providing them with meaningful recognition.

This paper intends to initiate discussions on digital leadership, competencies, and mechanisms to create awareness towards current business and digital technologies. All these ideas can serve as starting points for further research regarding the challenges faced by the digital leadership and how we can understand and use competencies and also establish mechanisms, specifically for organizations in Malaysia. Finally, organizations and leaders which are poorly aware about the importance of digital leadership and its competencies would decrease their abilities to deal with changes and crisis in the business environment, especially in digital technologies.

REFERENCES

Afandi, W. (2017). The Role of Strategic Leadership in Digital Transformation Process.

IJRRAS, 33(2), 19-22.

Balan, A. C., & Cavendish, K. (2017). Leadership in the Digital and Social Era A Theoretical Review and Digital Gamification for Employee Development.

Chocholáč, P., & Tapacha, N. (2015). Organizational Resilience of SMEs in the Czech Republic: An Exploratory Analysis. ICABR 2015, 395-417.

Goethals, G. R., Sorenson, G., Burns, M. J. (2004). *Leadership in the Digital Age. The Encyclopedia of Leadership*. 1-7.

Khan, G., Khan, F. A., & Dr. Khan, M. A. (2011). Impact of Training and Development on Organizational Performance. *Global Journal of Management and Business Research Volume*, 11(7), 1-7.

Khan, A., & Ahmad, W. (2012). Leader's Interpersonal Skills and Its Effectiveness at different Levels of Management. *International Journal of Business and Social Science*, 3(4), 1-10.

Zupancic, T., Verbeke, J., Achten, H., Hernejoja, A. (2016). Digital Leadership. Workshops, 1, 63-68.

ANIS NABILAH ROZALI

Senior Specialist Account Payable
Sime Darby Global Services Centre Sdn Bhd
anis.nabilah.rozali@simedarby.com
03 7662 2346

NOOR HASHIRA AZDA AB HALIM

Senior Customer Service Executive
KPJ Pharmserv Alliances Sdn Bhd
shira@kpjpharmaserv.com
03 5632 2692

THE RISE OF ROBOTIC PROCESS AUTOMATION TO SUSTAIN COMPETITIVENESS IN BANKING INDUSTRY

By Han Yee Kwan & Premah A/P Manoharan

Today's banking firms are facing increasing demands especially with the more widespread adoption of virtual banking, internal challenges to maximize productivity and keep costs as low as possible. Maintaining maximum security levels has also increased. These has pushed banking institutions to find a way to deliver the best possible user experiences to their customers while maintaining a lean operation costs. Robotic Process Automation (RPA) is making it possible for banking institutions to achieve these goals and remain competitive in an ever-changing environment.

Robotic Process Automation (RPA) refers to a software code that automates and assigns standardized, rules based, repetitive and high volume process involving several interoperable systems, which are traditionally executed by human to a robot. It allows employees in banking services to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses, and communicating with other digital system. The software robots that are created through RPA are 'trained' algorithms that can mimic and replicate the actions of a human worker interacting with the user interface.

RPA was first deployed in banking industries to automate basic financial and accounting process due to RPA tools are best suited for process that are repetitive, rules based, involve digital data and gave predictable interactions with IT application. The early success in adopting of RPA in cost savings, reliable and turnaround time has continued the rise of RPA implementation in banking industries. More banking institutions appreciate the overall quick to realize benefits and begin to broaden RPA reach to remain competitive.

Banking industries are using RPA most often in the three following component areas to enhance the banking institution's efficiency and to achieve productivity. Firstly, in trade and mortgage processing, for example, ideally takes 3 months to close a mortgage loan. The process took time as the application had to go through various scrutiny checks given the number of third party entities in the mortgage value chain and the significant use of paper including documentation preparation, valuation, escrow, underwriting, foreclosure and tax management. With RPA, banks can speed up the process based on set rules and procedures and by clearing the blocks that delay the process. The loan operations teams will be able to focus on the more important details of loan application since RPA enables more accurate data flow and reporting metrics can be easily tracked; thus loan timelines has been reduced. RPA has speed up the time to revenue for the banking firms, enhanced the customer experiences for both the buyer and seller and reduced operational cost by automating most of the manual process.

Secondly, with respect to compliance and risk management, to keeping current with hundreds of global regulatory agencies and laws can be complex, tedious and time consuming. RPA can automatically aggregate and integrate compliance information



by adapting to operational setup and capable to operate internal application such as Know Your Customer (KYC) schemes and regulatory background checks system (Burger, 2016). By automating KYC schemes from multiple sources and collating data input in multiple back end systems, a bank was able to recognize and react to compliance violations a lot faster (Burger, 2016). It also streamlines and improves accuracy by configuring specific operational instruction to provide accurate and error free execution. Due to RPA is usually associated with efficiency and quality targets, there is also a big opportunity to reduce fraud risk since RPA application takes out the human factor out of the equation in key processes such as payments processing, cash application, refunds and adjustments.

Moreover, as part of compliance, banks have to prepare a report about their various processes and present it to the board and other stakeholders to show the performance of the bank. RPA helps bank in preparing reports with accurate data. It gathers information from different sources, validates it, arranges it in an understandable format, and schedule it to be sent to different sources. On positive notes, RPA can completely transform banking operations to become quicker, efficient, fast and more reliable. It has dramatically streamlined a wide variety of back office processes that once bogged down bank workers. By shifting much of tedious, manual tasks from human to machine, banks have been able to significantly reduce the need for human involvement, which has had a direct impact on performance and efficiency levels to staffing issues and human errors. Unlike other technologies, RPA can work right alongside legacy systems, making it highly suitable for the typical legacy environments of banks' back offices. By eliminating manual regulatory monitoring and data collection, RPA empowers the compliance and management team in providing auditors with complete and accurate information; thus avoiding costly fines and reputational damages.

Thirdly, for customer service and support, RPA is a key facilitator for digital transformation by allowing banking institution to reshape the way they operate and their level of responsiveness at nearly all touch point along the value chain. RPA saves cost in human resource by working around the clock; that is, by providing services 24/7 and 365 days a year. RPA helps employees respond in a timely and expert manner to customer enquiries. It allows them to create proactive, relevant communications that will strengthen those valuable relationships. Customers expect an immediate and accurate information on their typical dealings with banking institution, for example, when seeking an advice for investment, placing or changing their stock in commodity or forex market or just updating their details on normal banking transaction. Dissatisfaction is quick to set in when they are forced to repeat their details numerous times when calling in, getting an email with their name misspelled or receiving an out of place offer.

RPA offers a significant opportunity to improve not only customer satisfaction but also to understand their needs. It helps to eliminate customer dissatisfaction by capturing, analyzing, cross referencing and sharing information across platforms and channels by delivering an automated back end processes to elevate customer service (White, 2017). For example, opening a customer information tab on the agent's desktop as soon as the call comes in and sending a personalized email based on a predetermined set of criteria to customer. Thus, RPA engages customers in real time and increases the efficiency and productivity to exceed the Customer Service Level Agreements (SLAS).

In conclusion, RPA will continue to become a powerful and effective tool since it has significant impact on improving efficiency and cost optimization in banking industry. A number of leading banks have already implemented and generated value from RPA technology. CIMB Bank, for example, has recently introduced RPA into its banking operation, which resulted in reduced turnaround time, faster processing and improved customer experience. According to Ramesh Narayanaswamy, Group Chief Information & Operations Officer, CIMB Group, RPA could process 8000 requests per day efficiently and accurately. Besides that, the Australia and New Zealand Banking Group deployed RPA at scale and is now seeing annual cost savings of over 30 percent in certain functions. In addition, over 40 processes have been automated, this allows employees to focus on other quality oriented, more complex tasks, which require human creativity and intellect and further develop their knowledge. Without doubt, RPA is clearly a solution for current banking processes but beyond that, it can drive a level of efficiency that can potentially redefine future processes and operating models. RPA is proven highly beneficial to banking industry to remain competitive and achieve significant operational efficiency.

HAN YEE KWAN

Payable Senior Executive
British Petroleum
yeekwan.han@gmail.com
03 4141 8170

PREMAH A/P MANOHARAN

Associate
Kumpulan Wang Persaraan (Diperbadankan)
premah.manoharan@gmail.com
03 2174 8641



ENHANCING STRATEGIC DECISIONS IN THE AGE OF ANALYTICS

By Mohd Sidek Abd Ghafar

The current information age provides better availability of information and tools to assist managers in managing information for better decision-making. It is therefore not surprising that organizations will try to capitalize on this advantage. At the same time, prevalent use of communications technology has also enabled better dissemination of information. Nevertheless, the effective use of information requires the exercise of wisdom by the users. Easy access to information requires managers to have a certain level of competency to gain maximum benefit from the information. Moreover, it is not only the technological competency but more importantly the competency in one's domain of expertise.

To appreciate this argument, we have to look at what analytics can offer to managers and how they handle it. Briefly, analytic tools require the following several steps:

- business problem definition,
- acquisition of data related to the problem,
- exploring the data to get some understanding of the possible patterns in the data,
- preparing the data and assessing the data for its fitness to be

- used on the problem being analyzed,
- modelling of the problem, and
- implementing the solution to gain insights including description and prediction of the relevant business performance related to the problem identified.

Critical points in this process that managers need to be aware of are when cognitive skills are applied. These include defining problem, understanding the data, modelling of the problems, and assessing the insights gained in the process. It should be realized that while available tools help to organize, compute, and reveal results, underlying all these, the managers must consciously understand the workings of the models including the necessary simplifications of the problems and assumptions that may be involved. In the abundance of data and information that managers can currently use, the framing of a business problem needs to cover the complete process within which the problem is embedded.

This statement should not be too foreign as managers are familiar with economic questions that relate to many business

issues and policy-making. Interconnected economic activities and the mechanisms on how these activities are intertwined are common in the economic process, that managers need to completely cover in an analysis to gain valid insights of the problem as represented by the data. To put this point in context, presented below is an example of a possible issue and how incomplete coverage of subject areas or topics in an analysis can provide only partial insights towards a solution.

One issue of interest is about ensuring the sustainability of livelihood of the ageing population, the improved health of these senior-aged groups compared to previous generations decades ago, and the rising costs of old-age care. If the issue is only framed based on data about population above 50 years old, indicators on their capability to be part of the productive workforce including their levels of health, and their needs to sustain economically, the data may support the argument to extend the retirement age beyond 60 years.

Nevertheless, a complete examination of this topic needs to include consideration about the young population entering the workforce and youth unemployment whereby a probable solution possibly lies in a larger spectrum of demography, employment and education. The counter-argument against extending the retirement age beyond 60 years could be made based on a possible tightening of the job market and the worsening of the unemployment situation.

A further argument can be made that retiring at an age beyond 60 could solve, to some extent, the need for skilled manpower or that addressing the problem of unemployment may call for re-skilling of the youths to prepare them for the job market. Obviously, the answers to these questions very much depend on how complete the relevant process is covered. It shows that a complete assessment of the issue needs to include the job market requirements, assessment of the skill sets of the workforce, the education system that prepares the workforce, as well as the examination of the capability of the senior-aged groups as a productive workforce.

It is fair to say that, unless the manager is a policymaker, a strategic decision that a manager needs to take is often micro in nature. Nevertheless, the points here are about the need to put together data and information that are parts of an interrelated system and the need for high competency on part of the managers given the analytical tools available at their disposal.

A significant part in analytics is to see patterns in data and this reflects further on the need for sufficient data to be included in the analysis. Data of various kinds are continuously being generated, registered, and stored. Hence, the key for successful results in analytics is to pull these relevant data together.

Housing development, and the construction industry that generally drives the economy, can be an example. Development approvals that take place at local levels are happening continuously; however, at other levels, such as at the national level for policy-making, at company levels for decisions on constructions, and at financial-institution levels for approval of loans and credits, the information arguably is not fully harnessed. The challenge of putting relevant data together for decision-

making persists even before the recently heightened awareness about analytics.

In addition to putting relevant data together from disparate sources, managers also need to avoid from being too dependent on complex models that cannot be easily understood and verified. Faced with the need to make decisions, managers need to understand the working of the processes involved in their business as much as possible. Examination of the working of the processes includes revisiting the fundamental principles upon which a discipline is built in order to appreciate the original intent and to allay the shortcomings. Often theories that guide a discipline are based on simplified realities with the purpose of elucidating and not necessarily to prescribe. The theories may purposely isolate issues, filter out certain elements, and generalize structural explanation to provide understanding about a subject of interest.

Bid rent theory for land use, for example, is known to provide an explanation for land use patterns but should not be taken as a strict prescription. Apart from the simplified mechanisms and assumptions which may be necessary to provide an understanding of what could hypothetically happen, some analysts also pointed out that the theory excluded accessibility to central city as an explanatory factor. Introducing transport costs, as done by some analysts to capture accessibility as an explanatory factor in the model, may not reflect accessibility accurately and thus, will not be able to describe and predict patterns of land use as accessibility is associated with more than transport costs alone.

All these discussions point to the need for managers to exercise their professional judgment in decision-making while using sufficient data that covers the process at play as much as possible to assist them. Pulling relevant data to be used in analytics also allows managers to come closer to a situation of "perfect" information whereupon by modelling the problem, managers could lay out the connections among relevant parameters for decision-making without losing sight of the implicit factors that may not be captured in the modelling of the problem. These implicit factors include information that is not represented by the data and the presence of alternative strategies that are not directly indicated by the data. Besides this, managers need to be cautious about the possible false understanding due to the mistaken description and prediction arising from inaccurate modelling of the problem.

MOHD SIDEK ABD GHAFAR (Ph.D)

Consultant
Alam Informasi Sdn Bhd
sidek@alami.my
03 8688 2773

WHIZZING TO THE FUTURE WITH AI IN BUSINESS

By Suzanne Tan & Farahanis Waheda Zamri

Artificial intelligence (AI), a term that was coined in the last decade, refers to how a machine is programmed to think like a human and mimic human actions. AI, such as Apple's Siri and Amazon's Alexa, shows how non-human intelligence assists a human's daily life by becoming everyone's personal assistant. From reminding your schedule, checking the weather and playing your music for you, it is programmed entirely to enhance your effectiveness in your daily life without troubling yourself through mundane routine matters. Just as it makes life easier, AI is predicted to make a big impact on business growth.

McKinsey & Company has undertaken a survey among 3,000 different businesses to understand the deployment of different AI systems in their business. There are five different types of AI that are being adopted and adapted into businesses: physical AI, deep-learning AI, computer-vision AI, natural-language processing AI and machine learning AI.

Physical AI, such as autonomous vehicle and robots, is heavily adopted in automated storage and retrieval system (AS/RS) robotics. These include Amazon's Kiva Robots and Alibaba's Quicktron Robots. Such a physical AI system has even been introduced by our very own Malaysian restaurant, Nam Heong, which hired and trained ten robots to assist in waiting for customers. The main benefits of AS/RS robots are its ability to deliver pallets of products in a warehouse of up to 500kg per delivery and to cut down any waiting time, as the machines can consistently work without rest.

Deep-learning AI systems are able to make decisions and act on them based on what the system has learnt and through the data collected. This type of AI is usually adopted into chatbots to enhance consumer experience and reduce the waiting time of the customer. A chatbot is a platform that is programmed to comprehend the inquiries from customers, analyse them and mimic a human by conversing and assisting the customers. It is usually used on websites such as banking websites and e-commerce platforms.

Computer-vision AI, such as image-processing and video-processing systems, is designed to accommodate the ability of the camera to recognize and detect an image. It functions as a sensor to navigate and learn about the surrounding, identify the sequence and capture the scene. It automatically edits the picture for its users as well. An example of a computer-vision AI is the Google Clips camera, which is designed to capture moments. The camera can also auto-delete pictures that are not desirable, such as out-of-focus or blurry images.

Businesses also utilize **natural-language processing (NLP)** into their operations. One of the most applied usages is in revenue selling ads such as in Facebook. The raw data that is collected is interpreted using NLP and the information could be derived from the organic data.

Machine learning AI is designed to allow a machine to access the data and learn from the data to solve an issue. Walmart is the best example of an organization that uses machine-learning AI in its daily operations. Walmart employs HANA from SAP to collect and manage large organic data into a stream of information that is able to provide insights about their consumers' consumption pattern. The data are collected from various devices such as computers, transaction machines and any equipment that are connected to HANA. These types and examples of AI show how adopting AI into their operations and management can be beneficial to businesses.

Over the next five to ten years, we shall witness how our world will be impacted by the rapid development in AI systems. Nevertheless, we have to be aware that this AI advancement may lead to positive and negative impacts on people. Despite the fact that AI theatrically improves ways of doing things, there are still top-notch worries concerning the imminent effect of AI on labour and employment. Monotonous work may be effortlessly switched to automation. This can progressively make such work out of date. As an example, activities concerning client-care/call-centre operations are increasingly replaced by automation, and, thus, rely less on human activities.

Introducing AI into business is in effect creating a technological revolution, which will directly boost productivity, raise wages and create a class of workers who are more successful, creative and wealthy. People will no longer carry out routine jobs. Traditional labour and employment models will change: from long-term and full-time employment to short-term and flexible services offerings.

The whole socioeconomic system, which includes education, local authorities, business and social welfare, will be also greatly impacted by this accelerating transformation. Societies need to adapt to new technological advancements if they want to become more flexible and more innovative. Similarly, a government needs to embark on new approaches and strategies, respecting its education system, employment and the type of businesses to be promoted. The effort will indirectly shape the social attitude towards AI and all other machine-related activities in daily life. Therefore, it is important to redesign the social mechanisms to meet a series of new situations and circumstances.



Despite the obsessive concern and potential ramification of AI, the technologies hold tremendous potential for human enablement by mechanization and making routine tasks a lot easier to perform. As such, this machine-oriented-technology is way better than humans doing physical tasks; machines will move even quicker, be able to lift bigger weights and improve performance accuracy based on their customized programmes. When these machines are as intelligent as us, there will be nearly nothing they cannot do, or cannot learn to try and do quickly. AI will not only transform people's living but also what they do. This will create temporary disruption.

We have to change and train our mindsets as it is not likely that the future will be the same as the past. There is no guarantee that as many jobs will be created as are destroyed by AI. However, the job positions that emerge due to the adoption of AI in the business, such as data scientist and cyber-security analyst, will require re-skilling and higher education. The number of jobs associated with programming, robotics, engineering, and related areas will definitely experience a massive increase. After all, these skills are imperative for enhancing AI applications. While most of us believe that AI holds tremendous potential to unlock innovations we have not yet imagined, for others AI strikes worries over job displacement.

Our opinion is while AI steadily disrupts the job market, people can still find work with appropriate reskilling to be relevant in an AI environment. With our ability to arrange and lead social movements, self-educated, and being creative, we can provide ourselves with the highest probability of success in this rapidly changing world.

SUZANNE TAN

Project Manager
Jurukur Kinetic
zannetofficial@gmail.com
03 4296 1333

FARAHANIS WAHEDA ZAMRI

Marketing Manager
FELCRA Niaga Sdn Bhd
farahaniswaheda@yahoo.com
03 4142 3036

KAEDAH PEMASARAN PERNIAGAAN ATAS TALIAN

Oleh Wan Mohd Hirwani Wan Hussain

“I’m not a tech guy. I’m looking at the technology with the eyes of my customers, normal people’s eyes.”

- Jack Ma (Alibaba.com)

Ekosistem keusahawanan yang sentiasa berubah selaras dengan perkembangan teknologi adalah merupakan pemangkin kepada landskap ekonomi digital yang menjadi asas kepada gelombang Perindustrian Keempat (IR 4.0). Perniagaan atas talian menjadi medium pemasaran yang penting pada masa kini serta mudah dilaksanakan pada bila-bila masa. Pada tahun 2017, jumlah transaksi perdagangan elektronik (*e-Commerce*) adalah sebanyak \$1.66 billion (US Dollar) dan dijangka akan meningkat kepada \$2.3 trilion (US Dollar) pada tahun 2021. Perdagangan elektronik, juga dikenali sebagai *Electronic Commerce (e-Commerce)*, adalah merupakan proses pembelian dan penjualan produk, perkhidmatan serta segala bentuk urusniaga elektronik dengan menggunakan jaringan sistem komputer.

Kerajaan Malaysia memandang serius mengenai impak perniagaan atas talian dan kesannya kepada ekonomi digital. Buktinya pelbagai program dan inisiatif berkaitan dengan usahawan digital dan perniagaan atas talian telah dibangunkan oleh pihak kerajaan.

Antara kelebihan-kelebihan perniagaan atas talian adalah:

- Beroperasi 24 jam sehari, 365 setahun.
- Dijalankan secara automatik dan tidak memerlukan pekerja yang tetap.
- Berupaya untuk menjalankan perdagangan di seluruh dunia.
- Kos untuk memulakan perniagaan yang rendah.
- Risiko yang rendah.
- Tidak memerlukan kedai fizikal
- Bebas untuk beroperasi di mana-mana sahaja.

Artikel ini akan menerangkan mengenai kaedah-kaedah pemasaran atas talian yang dapat digunakan oleh usahawan untuk memajukan perniagaan atas talian. Berikut disenaraikan lima kaedah pemasaran atas talian yang perlu dilakukan oleh usahawan internet.

1. Pemasaran Media Sosial

Media sosial adalah merupakan platform yang digunakan oleh pengguna internet untuk berkongsi maklumat dan pendapat dengan pengguna internet yang lain. Media sosial juga digunakan sebagai tempat untuk mencari maklumat berkaitan dengan isu-isu terkini seperti perniagaan, tempat dan produk yang terdapat di pasaran. Secara teori, media sosial telah mengubah dan memberi impak kepada perniagaan kerana ia lebih murah, efektif dan dinamik untuk mempromosikan sesuatu perniagaan. Terdapat banyak laman web media sosial di Internet seperti Facebook.com, Instagram.com, Twitter.com, LinkedIn.com, Youtube.com dan banyak lagi. Selain itu terdapat juga media sosial seperti Pinterest.com yang memfokuskan kepada minat dan kandungan yang menarik. Media sosial akan memberikan maklumat terkini mengenai carian maklumat yang pernah dilakukan dan mengemaskini maklumat kepada pengguna internet.

Berikut adalah merupakan data dan statistik akaun media sosial:

- 2 billion** pengguna internet di Facebook.com setiap bulan.
- 900 juta** pengguna WhatsApps setiap bulan.
- 400 juta** pengguna Instagram setiap bulan.
- 300 juta** pengguna LinkedIn.com setiap bulan.
- 200 juta** pengguna Pinterest.com setiap bulan.

Data ini menjelaskan bahawa terdapat banyak pengguna yang menggunakan media sosial dan jumlah ini dijangka akan meningkat pada tahun 2020. Pemasaran melalui media sosial adalah merupakan kaedah yang penting untuk mempromosikan perniagaan atas talian anda.

Usahawan internet boleh melakukan seperti berikut untuk mempromosikan perniagaan internet:

- Berkongsi Maklumat Berguna:** Sentiasa berkongsi maklumat yang mempromosikan perniagaan anda melalui video, hantaran (post) ataupun infographik yang dapat memberikan maklumat berguna kepada orang ramai. Melalui kaedah ini secara tidak langsung akan membantu meningkatkan jenama perniagaan anda kepada orang lain.

ii) **Bekerjasama dengan Social Media Influencer:** Usahawan internet boleh menjalankan kerjasama dengan *Social Media Influencer*, iaitu orang atau pihak seperti *bloggers, youtubers* (orang yang membangunkan video di Youtube.com) ataupun *vloggers* dan selebriti yang mempunyai pengaruh ataupun pengikut (*followers*) yang ramai di internet. Mereka ini akan bertindak sebagai duta untuk mempromosikan perniagaan atas talian kepada pengikut masing-masing. Contohnya, syarikat Penerbangan AirAsia telah melantik Neelofa sebagai pengarah bebas bukan eksekutif pada tahun 2016 yang secara tidak langsung akan mempromosikan jenama syarikat penerbangan berkenaan di peringkat antarabangsa. Artis Neelofa mempunyai 5.8 juta pengikut di Instagram.com berbanding dengan AirAsia yang mempunyai sebanyak 500 ribu pengikut. Kerjasama ini akan membantu AirAsia mengukuhkan jenama di Malaysia.

Di Malaysia terdapat beberapa ikon dan selebriti yang menjadi *Social Media Influencers*. Kebanyakan mereka mempunyai jumlah pengikut yang ramai berdasarkan aplikasi media sosial Instagram.com. Aplikasi ini bukan sahaja digunakan untuk memaparkan gambar-gambar yang cantik tetapi ia juga boleh digunakan sebagai medium untuk memasarkan produk dan perkhidmatan. Usahawan internet boleh memanfaatkan khidmat pengaruh selebriti yang mempunyai bilangan pengikut (*followers*) yang ramai untuk mempromosikan perniagaan atas talian mereka. Kebanyakan artis dan selebriti ini juga menawarkan khidmat untuk periklanan dan ulasan produk (*product review*) di laman Instagram mereka.

2. Pembangunan Laman Web

Usahawan internet perlu mempunyai laman web yang akan bertindak sebagai platform untuk mempromosikan jenama dan perniagaan yang hendak dijalankan. Memiliki laman web yang professional dan menarik akan dapat menarik pelanggan serta meningkatkan keyakinan pembeli dengan lebih berkesan.

Berikut merupakan aplikasi untuk membangunkan laman web yang mudah diselenggara dan kos efektif seperti:

- i) Wordpress.com
- ii) Wix.com
- iii) Weebly.com
- iv) Shopify.com

Aplikasi ini akan dapat membantu usahawan internet membangunkan laman web yang professional dan interaktif serta tidak memerlukan masa yang lama. Aplikasi ini mempunyai templat-templat yang menarik yang boleh digunakan mengikut kesesuaian perniagaan yang dijalankan. Kos untuk membangunkan laman web ini juga kompetitif dan sesuai dengan perkhidmatan yang disediakan.

Selain itu, nama *domain* juga penting kepada usahawan internet yang menjalankan perniagaan atas talian. Nama *domain* akan menyebabkan pelanggan sentiasa mengingati perniagaan berkenaan dan secara tidak langsung mempromosikan perniagaan. Proses untuk mendaftarkan nama *domain* juga murah serendah RM 40.00 setahun dan membolehkan

usahawan internet mempamerkan produk dan perkhidmatan yang ditawarkan di laman web dengan berkesan. Laman web juga membolehkan usahawan internet berinteraksi dengan pelanggan melalui e-mel dan mendapatkan maklum balas mengenai perniagaan mereka.

Usahawan internet boleh mendapatkan nama *domain* daripada pendaftar nama *domain* di internet seperti:

- a) Godaddy.com
- b) NameCheap.com
- c) HostGator.com
- d) BlueHost.com
- e) Dynadot.com

Adalah perlu diingatkan bahawa usahawan internet perlu mematuhi syarat dan peraturan sebelum mendaftarkan nama domain yang dikehendaki iaitu dengan tidak melanggar hakcipta (*copyright*) dan cap dagang (*trademark*) atas perniagaan orang lain. Ini adalah penting bagi mengelakkan tindakan undang-undang atas perniagaan atas talian yang hendak dijalankan kelak. Terdapat banyak kes yang menunjukkan pelanggaran hakcipta berkaitan dengan nama domain yang berlaku di Internet contohnya *cybersquatting* iaitu bermaksud mendaftarkan, menjual atau menggunakan nama *domain* dengan tujuan untuk mendapatkan keuntungan hasil daripada cap dagang perniagaan orang lain.

3. Pemasaran Menggunakan Video

Video adalah merupakan salah satu teknik pemasaran internet yang penting pada masa kini. Generasi muda pada masa kini lebih mudah tertarik kepada video berbanding dengan artikel. Video yang interaktif dan berkualiti akan membolehkan video berkenaan mendapat perkongsian yang tinggi dan berpotensi untuk menjadi tular (*viral*) di media sosial.

Usahawan internet perlu mempelajari kaedah dan teknik terkini untuk membangunkan video yang profesional dan menarik untuk menarik perhatian pelanggan. Terdapat beberapa aplikasi yang boleh digunakan oleh usahawan internet untuk membangunkan video iaitu:

- i) Powtoon (powtoon.com)
- ii) Video Scribe
- iii) GoAnime (<https://www.vyond.com>)
- iv) Emaze (<https://www.emaze.com>)
- v) Animoto (<https://animoto.com>)
- vi) Imovie- untuk pengguna Apple

Kaedah pemasaran menggunakan video adalah lebih berkesan dan efektif untuk membantu pelanggan lebih memahami mengenai sesuatu produk dan perkhidmatan yang ditawarkan. Video yang telah dibangunkan juga boleh digunakan untuk dinaikkan dalam blog dan media sosial bagi membolehkan lebih banyak perkongsian terhadap video berkenaan.

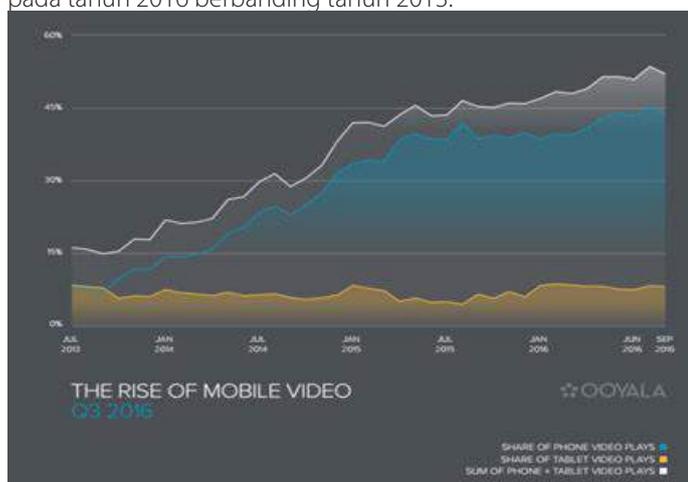
Kajian daripada Semrush.com menunjukkan bahawa maklumat berkaitan produk atau perkhidmatan melalui kaedah pemasaran video menyumbang kepada peningkatan minat pelanggan sebanyak 80% berbanding dengan maklumat berbentuk artikel.

Seterusnya, kajian oleh Wyzowl.com menjelaskan bahawa 74% pelayar internet yang menonton video lebih cenderung untuk membeli produk berkenaan. Ini menunjukkan bahawa pemasaran video adalah merupakan medium yang penting kepada perniagaan atas talian. Oleh itu, adalah penting untuk usahawan internet membangunkan video yang berkualiti dan menarik untuk pelanggan mereka.

Pemasaran melalui video juga secara tidak langsung akan meningkatkan keyakinan pengguna terhadap produk dan perkhidmatan. Keyakinan daripada pengguna terhadap sesuatu produk dan perkhidmatan adalah asas dalam sesebuah perniagaan. Walau bagaimanapun, mewujudkan keyakinan kepada pengguna adalah merupakan proses yang lama dan berterusan.

Selain penggunaan video, usahawan internet juga perlu berkomunikasi dan berinteraksi dengan pengguna untuk mendapatkan maklum balas mengenai sesuatu produk serta berusaha untuk memperbaiki perniagaan atas talian yang dijalankan. Adalah perlu diingatkan bahawa usahawan internet perlu memberikan maklumat yang berguna dalam video yang dibangunkan bagi membolehkan pengguna mendapat maklumat yang betul mengenai sesuatu produk dan perkhidmatan.

Seterusnya, video juga boleh diakses menggunakan aplikasi mobil (*mobile apps*). Di Malaysia terdapat sebanyak 7 juta pengguna telefon pintar yang kebanyakannya terdiri daripada generasi muda yang berumur 18 tahun keatas. Kaedah pemasaran video sudah tentu akan dapat mempromosikan produk dan perkhidmatan kepada pengguna telefon pintar. Berdasarkan statistik yang dikeluarkan oleh Wyzowl.com, sebanyak 90% daripada pengguna telefon pintar menonton video melalui aplikasi mobil dan jumlah ini telah meningkat sebanyak 233% pada tahun 2016 berbanding tahun 2013.



(Diambil dari: Wyzowl.com)

4. Teknik SEO (Search Engine Optimization)

SEO adalah singkatan kepada *Search Engine Optimization* yang merupakan salah satu teknik penting dalam pemasaran di internet. Teknik SEO ini digunakan untuk mengoptimasi laman web supaya mendapat kedudukan carian yang tinggi di laman web enjin carian Google dan Bing. Sebagai contoh; sekiranya seseorang menaip perkataan "hotel" di laman web

enjin carian Google maka keputusan yang akan dipaparkan adalah merupakan keputusan hasil daripada enjin carian Google. Sekiranya teknik SEO digunakan ke atas sesebuah laman web, maka laman web yang berkaitan dengan "hotel" akan dipaparkan di laman web enjin carian Google dan secara tidak langsung akan meningkatkan lalu lintas trafik (*website traffic*) ke laman web berkenaan.

Teknik SEO terbahagi kepada 2 iaitu dalam bentuk berbayar dan tidak berbayar. Sekiranya usahawan internet ingin menggunakan kaedah berbayar, mereka boleh menggunakan laman web Google Adwords (https://ads.google.com/intl/en_my/home/) untuk membida kata kunci (*keywords*) untuk membolehkan laman web berkenaan muncul di laman enjin carian Google. Kaedah tidak berbayar adalah merupakan kombinasi dengan aplikasi media sosial dan isi kandungan yang menarik. Google.com amat menekankan kandungan kualiti di sesebuah laman web dan adalah penting untuk usahawan internet membangunkan isi kandungan yang berkualiti yang dapat menarik minat pelayar internet.



SEO for Business Visibility
(Di ambil dari <https://www.digitalvidya.com>)

5. Kuasa #Hashtag

Secara umumnya, hashtag adalah merupakan tanda "#" yang digunakan dalam sesuatu hantaran (*post*) dan juga video. *Hashtag* adalah merupakan gabungan di antara 2 perkataan iaitu Hash+Tag = *Hashtag* atau dalam Bahasa Malaysia disebut sebagai tanda "pagar". *Hashtag* telah menjadi satu trend pada masa kini oleh selebriti dan ikon-ikon popular di media sosial. *Hashtag* yang mendapat banyak penggunaan akan menjadi tular dan menarik minat lebih banyak pengikut (*followers*).

Usahawan internet perlu menggunakan *hashtag* bagi membolehkan perniagaan mereka dijumpai dan berpotensi untuk mendapatkan pelanggan dalam media sosial. Sebagai contoh, sekiranya seseorang itu adalah merupakan seorang penjual barangan kosmetik penggunaan *hashtag* #usahawankosmetik ataupun #usahawankosmetikterbaik adalah merupakan contoh *hashtag* yang penting kepada perniagaan atas talian.

Selain itu, penggunaan *hashtag* juga menyumbang kepada interaksi pengguna (*likes*, komen, kongsi) terhadap produk dan perkhidmatan yang ditawarkan. *Hashtag* yang menarik dan kreatif akan membolehkan pelanggan klik dan menjadi pautan untuk ke laman web dan hantaran (hantaran (*post*)) berkenaan bagi

memudahkan carian. **Hashtag** digunakan secara meluas dalam aplikasi media sosial seperti Instagram.com bagi menerangkan mengenai sesuatu foto dan berupaya untuk mendapatkan lebih banyak likes serta meningkatkan bilangan pengikut (**followers**). Usahawan internet dinasihatkan tidak menggunakan hashtag lebih daripada 25 **hashtag** dalam hantaran (**posting**) di media sosial. Ini adalah bertujuan bagi mengelakkan berlakunya spam dan menyebabkan akaun disekat.

Penggunaan **hashtag** yang baik juga akan mempromosikan perniagaan bagi jenama sesuatu perniagaan contohnya #iloveyou, #loveyouforever, #ilovecamera, #tudungbawaleksusif, #penjualikhlas, #sambilmembelisambil menderma dan banyak lagi.

Terdapat laman web yang boleh digunakan usahawan internet untuk mencari trend terkini **hashtag** yang popular iaitu:

- <https://hashtagify.me>
- <https://www.hashtagsforlikes.co>
- <https://www.tagblender.net/>
- <https://www.all-hashtag.com/>
- <https://top-hashtags.com/>

Laman web ini memberikan maklumat mengenai **hashtag** yang popular yang mendapat carian yang tinggi di media sosial. Usahawan internet boleh menggunakan maklumat ini dengan berkongsi **hashtag** yang popular dalam artikel dan video untuk mendapatkan lebih banyak **likes** dan **followers**.

Sebagai kesimpulan, teknik pemasaran internet adalah merupakan strategi yang perlu dipelajari oleh usahawan internet dalam mempromosikan perniagaan atas talian yang akan dijalankan. Teknik pemasaran yang betul akan membolehkan perniagaan atas talian mendapat keuntungan dan berpotensi untuk dikembangkan pada masa hadapan. Perniagaan atas talian adalah merupakan trend perniagaan terkini yang mudah dan murah untuk dijalankan. Generasi muda seharusnya menggunakan peluang ini untuk menjalankan perniagaan atas talian dan meningkatkan pendapatan mereka. Terdapat banyak usahawan internet yang telah berjaya menjana pendapatan lumayan hasil daripada jualan perniagaan atas talian.

WAN MOHD HIRWANI WAN HUSSAIN (Ph.D)

Ketua Program MBA
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
wmhwh@ukm.edu.my
03 8921 4959



**Contoh penggunaan hashtag dalam mempromosikan perniagaan
(Diambil daripada: WDWToday)**

DISINFORMATION: ECONOMIC LOSS AND SHORT-RUN GAINS

By Moonyati Yatid

Since the 2016 US Presidential Election, the term 'fake news' has come to the forefront. The Trump administration had widely used the poorly defined term to discredit journalists who do not share Trump's political views. The catch-all term has been largely politicised not only by Trump but also many global leaders – over 20 global leaders have also used the term to accuse journalists of spreading lies. Although the colloquial term is widely used, it is only a fraction of a larger phenomenon called 'disinformation', which refers to deliberate misinformation created to harm a person, social group, organisation or country. As social media increasingly becomes the public's source of news, disinformation can spread like wildfire - faster and deeper than ever before. At least 35 countries are combatting the issue as the implications are far beyond the world of politics.

In the business world, disinformation could tarnish a brand reputation, creating negative public sentiment towards the brand and consequently causing economic loss. A company's share price could also suffer - at worst, dropping off a cliff edge and then going through a sluggish recovery.

The impact of 'fake news' towards Pepsi showed a significant reputational and financial damage that the company faced. It started with Trump supporters calling for a boycott of Pepsi over fabricated statements that Pepsi's CEO Indra Nooyi had allegedly made and that was circulating on social media. Some websites even published made-up quotes while encouraging readers to stop purchasing from Pepsi. A case study showed that Pepsi experienced a significant plunge in its domestic reputation - a 35% fall below the average US-sentiment score received before the 'fake news' incident. Pepsi's stock price also took a significant hit. The study also showed that although reputational damage recovered quickly, unfortunately, the subsequent impact on the stock price took longer to restore.

In a Muslim-majority Malaysia, also the world's leading Halal hub, disinformation affecting businesses are frequently associated with religious issues. The spread of disinformation on Haram (forbidden to consume by Muslims) rumours on social media is on the rise, a trend that is fast becoming a problem in the food and beverages (F&B) industry. In June 2018, a rumour had gone viral regarding Starbucks Coffee containing traces of pork and alcohol and thus had been declared Haram by the Department of Islamic Development or JAKIM. However, according to SebenarNya.my, Malaysia's fact-checking website, the Facebook and WhatsApp posts were already circulated in 2016 where JAKIM had denied the authenticity of the information then. Starbucks Coffee's 'Halal' certificate was never invalidated. Apart from Starbucks Coffee, other F&B businesses that have been hurt by Haram rumours are Ramyeon - Samyang instant noodles, Ferrero Rocher chocolate and the fast-food chain, McDonald's. Even local enterprises, such as noodle-maker Mee Azam Tekad and Apollo, have encountered similar accusations through disinformation spread by irresponsible parties.

Other industries, such as footwear, are not immune to the perils of disinformation too - costing real financial harm to the business community. In 2017, the shoe company, Bata, was accused of selling shoes with the Arabic word "Allah" on the soles of its shoes. It lost more than RM500,000 within a month and was forced to withdraw 70,000 pairs of shoes from 230 stores.



Disinformation could also result in financial gains, albeit mostly temporary. Creators and publishers of false content could be driven by strong financial motives – one example is the case in Macedonia. During the US election campaign in 2016, an excessive number of websites publishing false information was traced to a small city in Macedonia, where teenagers were vigorously creating false controversial stories to gain massive income through advertising. However, the luxurious life they briefly enjoyed ended when Google suspended the ads from their ‘fake news’ websites. Following criticism against Facebook’s and Google’s involvement in profiting from false content, these tech companies are scrutinising the quality of content on website pages in which advertisements are placed. They aim to prevent sites from publishing false and misleading information from generating revenue through their ad-selling services.

Short-run gains through disinformation were also reported regarding false, misleading or greatly exaggerated statements on stock news. In 2012, a financial website, called Seeking Alpha, wrote an article highlighting ImmunoCellular Therapeutics’ progress on coming up with cost-effective cancer treatments. This caused ImmunoCellular’s share price to soar – tripling in just six months. However, over time the underperforming products and the rumour that never materialised have caused share prices to plunge to levels tremendously lower than before the article was published. Further, in 2017, in the crackdown announced by the U.S. Securities and Exchange Commission, 27 individuals and entities were charged with misleading investors, posing as independent and objective opinions by investment research websites. Writers were secretly paid to post hundreds of bullish articles on financial websites, including Seeking Alpha, to swing the stock market. Some defendants, including ImmunoCellular Therapeutics, paid more than \$4.8 million to settle the charge.

Moving forward, what can businesses do if their brands are threatened by disinformation that compromises customer loyalty and retention? Firstly, they should avoid unethical businesses that generate ‘fake news’ or reviews to boost their own stature or profits, as those can back-fire. Instead, businesses should focus on brand value and build stronger, healthier relationships with 3rd party sources and writers. Businesses should also practise transparency; when false allegations hit, employees and customers would not doubt its trustworthiness.

The issue of disinformation, although not new, is heightened by the increasing role of technology in our lives, particularly, internet and social media. The advancement of technology, on one hand, can be seen as an enabler of disinformation – through deep fakes, algorithmic curation and social media bots. However, technology can also be the key to counteracting the problem. In many countries, public bodies are combining technology

and human expertise to tackle the issue of false information. For instance, articles that might contain false information could be flagged automatically, with the assistance of artificial intelligence. When a false story is identified, rather than being removed - which may raise ethical issues – it is tagged with a warning. Identified false stories are also de-ranked, putting it lower down in users’ feeds. Users are also able to flag articles they suspect contain false information, as seen Facebook’s collaboration with fact-checking websites in Germany and France.

According to Claire Wardle of First Draft News, a body that fights mis- and disinformation online, collaboration among governments, news organisations, technology companies and citizens is crucial. Many experts and researchers also believe that education and awareness, in particular, digital literacy, is at the core of the solution – creating users who seek the truth and capable of debunking false and misleading information themselves. Citizens should avoid playing the role of both victims and perpetrators.

Disinformation is destructive – especially towards the business community. Surely we as a society would not “break another man’s rice bowl”. Yet, even by one single unverified news disseminated irresponsibly, we might already have.

MOONYATI YATID (Ph.D)

Senior Analyst
Institute of Strategic & International Studies
(ISIS Malaysia)
moonyati@isis.org.my
03 2693 9366

E-COMMERCE: THE FUTURE OF LAST MILE CONNECTIVITY

By M. Hafiz Raslan & M. Qidran M. Johari

We are currently living in the digital age where the business transaction could happen with a simple click of a button. The emergence of e-commerce has allowed businesses to expand their boundaries beyond what they could have possibly imagined. E-commerce provides a new venue for connecting with consumers and conducting a transaction by having virtual stores that operate 24 hours a day, 7 days a week (Smith 2011). Despite its existence for nearly two decades, e-commerce is still considered relatively new in Malaysia. Malaysian government under the supervision of Malaysia Digital Economy Corporation (MDEC) has introduced multiple online platforms such as Lazada, Zalora, 11street, Lelong and more. While e-commerce has slowly wrapped itself within Malaysia's economy, The Star in March 2018 reported that its contribution to GDP in 2016 is estimated to be in the region of RM74.6 billion and hope to reach RM211 billion by 2020.

For Malaysia to move beyond its infant stage, a strong governmental support and intervention is needed to drive the growth of the e-commerce ecosystem. Understanding each component and see how they tick will be as crucial to the growth of Malaysia's e-commerce. There are three main segments in the e-commerce industry; 1) platform, 2) payment, and 3) fulfilment. The focus on fulfilment has yet to reach a level that could compete to at international standard and there are opportunities to improve its service. Existing fulfilment services are currently done by traditional postal services such as Pos Malaysia, GDEX and Aramex. However, due to the changes to consumer behaviours that expect fast service and delivery time, it has forced logistics company to find an alternate creative solution for their customer's fulfilment. On July 13, 2018, Communications and Multimedia Minister, Gobind Singh Deo, has urged Pos Malaysia to review its entire postal system due to many complaints from the public. As Malaysia moves in the direction of Industry 4.0, the solution on delivery fulfilment might lie within the nearest future.

According to the MITI website, there are nine technology drives under Industry 4.0:

- i) autonomous robots
- ii) big data analytics
- iii) cloud computing
- iv) internet of things (IoT)
- v) additive manufacturing (3D printing)
- vi) system integration
- vii) cybersecurity
- viii) augmented reality
- ix) simulation.

As new technology is being created every day, businesses need to be ready to evolve in accordance with an upcoming trend



to remain competitive. Large e-commerce players, as well as various start-ups, have already started looking into drones, crowdsourcing, and autonomous ground vehicles (AGV) with a locker to improve their last-mile service. The significant same-day delivery suggests that e-commerce players would be unwise to neglect these potential solutions as costumers preferred not to buy items online due to the long delivery time.

Amazon, one of the world's largest e-commerce businesses has already introduced Amazon Prime Air in December 2016 which is a delivery system designed to safely deliver packages to costumers in thirty minutes or less using unmanned aerial vehicles or drones as long as the destination is within ten miles of

its fulfilment centre. Amazon invests big in drones and believes they are cheaper and quicker than existing logistics methods. However, there are few hurdles that need to be considered before drones could be rolled out. Air traffic control, drone's flight altitude, narrow street, high rise buildings and lack of private landing area may prove to be a problem, especially for city-dwellers. Amazon has been working closely with Federal Aviation Administration (FAA) to ensure proper guidelines and the necessary safety approvals are in place before commencing its full operation expected in 2020.

Many believe that the enormous funding in drones will become a standard feature of our lives in the future. Boeing Horizon X Ventures, an investment by Swiss Post, Sony Innovation Fund and Levitate Capital has raised USD16 million for its autonomous drone logistics platform, Matternet. Matternet has launched drone delivery focusing in the healthcare sector, with the successful program in Switzerland, in partnership with Swiss Post and Mercedes Benz Van. The potential of drone is encouraging, especially for countries that have a large parcel of lands and low-density buildings. As Cyberjaya is looking to implement the smart city model, usage of air technology drones delivering packages to satisfy e-commerce customers' fulfilment would be an interesting sight to see.

Aside from drones, crowdsourcing has also been identified as one of the preferred solutions of for last-mile delivery options. Crowdsourcing delivery, also known as crowdsourced shipping is a fulfilment method that leverage networks of local, non-professional couriers to deliver packages to customers' doors. Imagine the Uber of delivery, instead of driving people from one destination to another, the individual picks up the parcel or good and delivery it directly to the recipient. The idea does not seem far-fetch as the technology has already existed, it's just a matter of finding the right solution to prevent theft, swapping of the items, and other mischievous activities.

In addition, the crowdsourcing business model has the potential to scale up quickly without significant capital investment. As most working class in Malaysia has a vehicle (i.e. car, motorcycle, van), almost anyone would be eligible to participate in crowdsourcing shipping. Even today, a glimpse of crowdsourcing shipping has already existed. For example, since 2011, the well-known cosmetic and skincare brand, SimplySiti, has sold its products at Watson Pharmacy mainly because of Watson's popularity in meeting consumers' needs and wants especially in personal use items such as toiletries, makeups, vitamins and others. But now, following the demand of customers that need more comfort in shopping and convenient service, SimplySiti launched an agent service that is known as the Elite Member. It is more convenient when the customer can order by using WhatsApp or call the Elite Member. The customers do not have to go to the website to buy which provides more convenient shopping with only in a few days of delivery to their doorsteps. Consumers need convenient services and SimplySiti may consider using a drone to speed up the delivery time. Hence, in the future, SimplySiti can expand their product line to include products like vitamins which can be delivered in the same package by these autonomous deliveries.

Lastly, another potential solution for last-mile delivery is the Autonomous Ground Vehicles (AGV) with lockers. AGV is a delivery system without any human intervention. Customer will be notified of the exact arrival time of the vehicle and

customers will be asked to pick up the parcel from the specific locker mounted on the vehicle. The idea of AGV is to eliminate labour (i.e. traditional postmen) as no human intervention is needed. This is hoped to help logistics companies to reduce their overhead cost.

In 2016, McKinsey predicted AGVs with parcel lockers will replace current forms of regular parcel delivery as AGV could be up to 40 per cent cheaper in countries with high labour cost. Nevertheless, speed will most likely restrict AGV's ability to provide same-day delivery service, especially in large cities. A key prerequisite for same-day delivery is a fast fulfilment process; however, for AGV to work, logistic centres need to be close to the customers for the parcels to reach the destination within a reasonable amount of time. Safety and security of the AGV and its content also needs to be closely monitored. The investment in implementing AGV as a business model needs to be further evaluated before proceeding.

A famous quote by John F. Kennedy, "*change is the law of life and those who look only to the past or present are certain to miss the future*". Technology is the knowledge of how to accomplish task and goals and often this knowledge comes from scientific research. Innovation in technology includes all activities involved in translating technical knowledge into physical reality that can be used on a societal scale. Marketers must be aware of new developments in technology and their possible effects because technology can and does affect marketing activities in many ways. Business can easily decline when they ignore the emergence of new technologies. In order for the e-commerce to move forward, improving on the last-mile connectivity to enhance a customer's satisfaction and experience is imperative.

MUHAMMAD HAFIZ RASLAN

Senior Executive
Malaysia Rail Link Sdn Bhd
hafizraslan@gmail.com
03 6411 5937

MUHAMMAD QIDRAN MOHAMMAD JOHARI

Executive
Education Malaysia Global Service
qidranjohari@gmail.com
03 2180 0800

PERANAN KEJURULATIHAN PENGURUSAN DALAM MENINGKATKAN PRESTASI PEKERJA DI JABATAN PERKHIDMATAN AWAM

Oleh Nursaadatun Nisak Ahmad,
Ida Rosnita Ismail, & Azman Ismail

Pemimpin yang efektif berupaya menggunakan kuasanya untuk mempengaruhi pengetahuan, amalan dan memotivasi para pengikut bagi mencapai matlamat organisasi. Peranan Kejurulatihan Pengurusan (PKP) dilihat sebagai salah satu usaha pihak pengurusan dalam membantu meningkatkan prestasi pekerja yang menghubungkan antara peranan ketua terdekat dan pekerja dalam organisasi yang dinamik. PKP sering ditakrifkan sebagai peranan dan tanggungjawab yang dimainkan oleh ketua terdekat sebagai jurulatih kepada pekerja bawahannya. Pemakaian PKP dalam organisasi boleh dilaksanakan secara formal dan tidak formal untuk semua peringkat pekerjaan tanpa mengira peringkat pengurusan eksekutif mahupun pelaksana. PKP lazimnya diamalkan dalam urusan kerja harian yang melibatkan aktiviti rutin seperti latihan dalam waktu kerja (on-job training).

Perkembangan PKP mula dilihat sejak awal zaman revolusi perindustrian di negara-negara Eropah dan Amerika Syarikat, iaitu sekitar pertengahan kedua abad ke-19. Namun, semenjak tahun 1980-an, PKP dilihat sebagai satu konsep bimbingan dalam waktu kerja yang boleh menghasilkan perubahan tingkah laku pekerja kepada yang lebih positif. Pendekatan ini adalah sejajar dengan teori-teori pengurusan klasik yang mendominasi pemikiran ahli-ahli sarjana ketika itu. Sebagai contoh, Teori Pengurusan Saintifik menyarankan kaedah pengurusan kerja yang lebih cekap terutamanya dalam pemilihan pekerja, penyediaan latihan, pemberian ganjaran berdasarkan pencapaian kerja dan hubungan pihak pengurusan atasan dengan pekerja bagi memotivasi pekerja untuk meningkatkan prestasi dan komitmen terhadap organisasi.

Namun bermula dekad 70-an, berlakunya era globalisasi di mana kebanyakan organisasi berskala kecil dan sederhana telah berkembang menjadi organisasi yang berkemampuan untuk memasuki pasaran antarabangsa dan beroperasi di pentas global. Keadaan ini mendorong majikan untuk melakukan anjakan paradigma gaya kepimpinan daripada gaya kepimpinan berasaskan pendekatan mekanistik kepada gaya

kepimpinan berasaskan pendekatan humanistik bagi mencapai strategi dan budaya organisasi. Fenomena ini mendorong para pengurus untuk lebih bersifat proaktif dan mementingkan pembangunan modal insan seperti menggalakkan penglibatan pekerja dalam tugas, pengagihan kuasa dan tanggungjawab serta menggalakkan pembelajaran sendiri dalam organisasi. Natiujahnya gaya kepimpinan yang berteraskan transformasi ini telah membawa kejayaan kepada organisasi terutamanya daripada aspek peningkatan prestasi kerja.

Menurut perspektif Pembangunan Sumber Manusia, kejurulatihan pengurusan dilihat sebagai satu instrumen yang sangat penting terutamanya dalam menyumbang kepada peningkatan produktiviti dan pembangunan pekerja. Tujuan utama amalan kejurulatihan pengurusan ini adalah untuk memberi penekanan dan tanggungjawab kepada pengurus untuk memberikan bimbingan dengan jelas dan teratur bagi memastikan para pekerja berada selari dengan objektif organisasi. Kepentingan PKP dalam organisasi merupakan salah satu usaha untuk meningkatkan pencapaian organisasi dengan meyakini bahawa semua pihak iaitu pengurus dan pekerja bawahan dapat melaksanakannya melalui sistem yang terancang bagi menghadapi apa juga keadaan tugas. Sebagai contoh, pengurus merupakan individu yang dipertanggungjawabkan untuk membimbing pekerja di bawah seliaannya dengan memperturunkan pengetahuan, kemahiran dan pengalaman kerja yang berkaitan semasa menjalankan tugas hakiki di organisasi. Melalui satu sistem pembelajaran terancang antara pengurus dengan pelatih ini mampu meningkatkan prestasi kerja semasa. Keadaan ini selari dengan organisasi kini yang menggalakkan penglibatan atau penyertaan pekerja dalam sesuatu tugas, serta kuasa yang diturunkan kepada pekerja ini dapat membantu mereka terutamanya dalam proses pembuatan keputusan.

Pelaksanaan kejurulatihan pengurusan dijelaskan melalui dua perspektif utama iaitu aktiviti yang berorientasi pendekatan tradisional dan kontemporari. Pendekatan tradisional

kebiasaannya hanya menguji pelbagai bentuk hubungan kerja yang membawa kepada penambahbaikan dalam prestasi kerja individu dan kumpulan kerja. Dalam era persaingan global, kebanyakan organisasi telah mengubah paradigma yang menyifatkan aktiviti kejurulatihan tidak lagi dianggap sebagai satu aktiviti mudah dan tidak memberi impak kepada organisasi. Malah pendekatan kontemporari yang diamalkan secara keseluruhannya memfokuskan ke arah pencapaian matlamat dan strategi organisasi. Dengan ini, peranan ketua bersama pengurus amat diperlukan dalam menjayakan amalan PKP bagi memberi peluang kepada pekerja untuk memperbaiki prestasi kerjanya dari semasa ke semasa. Selain itu, konsep kejurulatihan pengurusan diperkenalkan bagi membantu meningkatkan kesedaran pengurus dalam menambah baik peranan dan tugas pekerja yang berkualiti di samping bimbingan oleh faktor dorongan individu untuk mempelajari sesuatu yang baru.

Peranan kejurulatihan yang berkesan mempunyai dua elemen yang sangat penting iaitu bimbingan pengurusan dan persekitaran maklum balas. Dari perspektif kejurulatihan pengurusan, bimbingan pengurusan ditakrifkan sebagai tingkah laku, sikap dan kemahiran membimbing yang ditunjukkan oleh pengurus kepada pekerja bawahannya seperti kemampuan pengurus untuk berkomunikasi secara terbuka, membantu ke arah pembangunan pekerja seperti memberi peluang kepada pekerja untuk mencuba sesuatu yang baharu dan lebih mencabar, bekerja dalam kumpulan, dan menilai hasil kerja. Persekitaran maklum balas pula merujuk kepada lima ciri-ciri persekitaran maklum balas yang digalakkan oleh organisasi iaitu kebolehpercayaan sumber maklum balas, kualiti maklum balas, penyampaian maklum balas, ketersediaan sumber maklum balas dan galakkan pencarian sumber maklum balas. Oleh itu, pengurus yang mengutamakan ciri-ciri persekitaran maklum balas yang jelas dan teratur, dapat membantu pekerja meningkatkan prestasi kerja melalui keyakinan terhadap maklum balas tugas yang diberikan.

Selain itu, persekitaran maklum balas juga merupakan salah satu faktor penting yang boleh menggalakkan perubahan terhadap tingkah laku pekerja dalam sesebuah organisasi. Ia merupakan salah satu bentuk sokongan yang disediakan oleh pihak pengurusan bagi membantu pekerja memperbaiki prestasi mereka dari semasa ke semasa. Persekitaran maklum balas yang efektif dapat memudahkan pekerja untuk memperbaiki prestasi dan seterusnya mendorong para pekerja mencapai matlamat dan strategi organisasi yang diharapkan.

Keberkesanan amalan kejurulatihan pengurusan dapat diukur menerusi kebolehan pengurus dalam membimbing pekerja dalam waktu kerja dan kemampuan mereka meningkatkan motivasi pekerja untuk memperbaiki prestasi dari semasa ke semasa dengan adanya efikasi sendiri pekerja yang tinggi. Efikasi sendiri pekerja merujuk kepada keyakinan dan kepercayaan individu terhadap kebolehan dan keupayaan mereka untuk memikul tanggungjawab yang diberikan dalam tugas. Keadaan ini dapat dijelaskan melalui amalan pekerja dalam organisasi, di



mana pekerja yang mempunyai efikasi sendiri tinggi percaya terhadap kebolehan diri untuk menjalankan sesuatu tugas dengan mengaplikasikan apa yang dipelajari ke tempat kerja sebenar.

Proses kejurulatihan biasanya dikaitkan dengan gaya kepimpinan yang tidak bersifat mengarah semata-mata, sebaliknya ia lebih bersifat membantu meningkatkan pencapaian dan matlamat individu mahupun organisasi. Kepentingan dan faedah kejurulatihan boleh dikenal pasti melalui kesan jangka pendek dan jangka panjang sesebuah organisasi. Kesan jangka pendek boleh dilihat menerusi sikap dan tingkah laku yang ditunjukkan oleh pekerja. Sebagai contoh, apabila pekerja merasakan bahawa mereka mendapat sokongan kerja dan diberi kepercayaan dalam menjalankan tugas, mereka akan lebih yakin dengan keupayaan dan kemahiran dalam melaksanakan sesuatu tugas. Justeru,



kerja yang berkaitan semasa menjalankan tugas hakiki dalam sesebuah organisasi. Menerusi satu sistem pembelajaran yang terancang antara pengurus dengan pekerja bawahan, ia mampu meningkatkan prestasi kerja semasa. Keadaan ini selari dengan organisasi masa kini yang menggalakkan penglibatan atau penyertaan pekerja dalam sesuatu tugas, serta pembahagian kuasa kepada pekerja terutama dalam proses pembuatan keputusan.

Kejayaan yang ditunjukkan oleh organisasi seperti syarikat Coca-Cola Foods membuktikan bahawa amalan kejurulatihan yang dilaksanakan secara teratur dan terancang boleh membawa kepada keberhasilan yang tinggi, di mana pengurus yang berperanan sebagai pemudah cara melibatkan pekerja dalam proses pelaksanaan tugas serta pembuatan keputusan. Oleh demikian, kebolehan ketua terdekat dalam mempraktikkan proses bimbingan terhadap pekerja dalam organisasi mampu memenuhi keperluan mereka dengan membangunkan sikap dan tingkah laku yang lebih positif.

NURSAADATUN NISAK AHMAD

Pensyarah Kanan
Jabatan Pengurusan & Perniagaan
Universiti Teknologi MARA Cawangan Perak
nursa040@perak.uitm.edu.my
019 559 2408

IDA ROSNITA ISMAIL (Ph.D)

Timbalan Dekan (Penyelidikan)
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
idarnosnita@ukm.edu.my
03 8921 4966

AZMAN ISMAIL (Ph.D)

Profesor Madya
Fakulti Ekonomi & Pengurusan
Universiti Kebangsaan Malaysia
azisma@ukm.edu.my
03 8921 5911

tindakan pekerja akan menyumbang kepada pencapaian dan kejayaan organisasi kerana wujudnya rasa saling menghargai dalam hubungan kerja yang terjalin antara pengurus dengan pekerja bawahan yang dilatih. Sehubungan itu, kesan jangka panjang pula boleh dilihat menerusi pencapaian dan keberkesanan sesebuah organisasi secara berterusan.

Secara keseluruhan, amalan kejurulatihan pengurusan organisasi merupakan salah satu pendekatan yang digunakan untuk meningkatkan pencapaian organisasi di mana semua pihak yang terlibat iaitu pengurus dan pekerja bawahan diyakini dapat melaksanakan pekerjaan menerusi sistem yang telah disediakan dalam menghadapi apa juga tugas. Sebagai contoh, pengurus merupakan individu yang dipertanggungjawabkan untuk membimbing pekerja di bawah seliaannya dengan memindahkan pengetahuan, kemahiran dan pengalaman

AN ADVICE TO NEWBIES IN GAINING TRUST

By Ahmad Shahril Bin Shaharuddin

**“Heigh-ho,
heigh-ho, it’s
home from
work we go”**

Most of you probably would not recognize it, but that phrase was actually recorded in 1937 and sung by the seven dwarfs from Walt Disney’s first feature film; Snow White and the Seven Dwarfs. While singing the song, they expressed their feelings of tiredness, disappointment, exhaustion and sleepiness after a long day of work. This reminds me of my first year of working; shredding sweats and tears just for the sake of being acknowledged by co-workers. Based on my experience, as newcomers, there are numerous ways to be acknowledged by others without making a fool out of yourself. One of the factors that influence co-workers to acknowledge us is our credibility. That is, the ability to gain trust from them and others.

Why trust is so important? Today, more than ever, trust is undeniably perceived as a fundamental resource to collaborate with one another. Trust encourages coordinated effort, extends collaboration, drives commitment, and deals with the never-ending process of change. At the point when trust is present, people are likely to do their best; working together to achieve efficiency. This promotes *‘esprit de corps’* among co-workers to have a common purpose, assess risk, back-up each other, communicate openly and think outside the box. However, if there is no trust in a team, team members will compete against each other and try one’s best to stand out as an individual rather than a team. Other than that, the co-workers will also withhold crucial information that otherwise is needed to achieve a specific task given to you. Perhaps, these are several reasons to suggest why people seek to trust in others.



Thus, the question is how newcomers can gain and build trust among co-workers?

In order to gain and build trust for a newbie, especially in a big company, one crucial strategy is not to procrastinate on job task. By delaying your work to be submitted on time, you eventually eradicate your trust from the management/supervisor. Unfortunately, procrastination does happen to the best of us even for the bosses. With the ever growing of information technology, we tend to delay our task by socializing through social media out of habits, curiosity and pleasures. No matter how motivated we are, distracting ourselves from what should be done with things that unquestionably does not need to be done can appear the most engaging alternative.

There are numbers of ways to overcome procrastination. Most importantly, you need to find the right time in a day that you tend to be most creative and best at thinking. Avoid doing any things that are not related to your task during that time and try to maximize your productivity. As for me, the ideal time to work is during lunch time where fewer people stay in the office and there is no one to have an empty talk with me. The second point to avoid procrastination is to not to do multiple tasks. Although multi-tasking is a skill encouraged by many practitioners and scholars, it actually serves as an impetus for procrastination. We can hardly complete multiple tasks by doing it at once; we only do one thing at a time. What is switching from one to another is just our brains – our thoughts are forced to switch forward and backwards. The ideal action to do in this scenario is to segregate the task into smaller jobs, then work your way from start to finish without any interruption. We will probably oppose interference when we are near completing an errand.

As newcomers, it is wise to display competency in work task. A newcomer who wants to be an outstanding executive in a company must put on a spectacular show of high integrity and honesty. If you do not know how to handle a certain task that is assigned to you, then it is good to let your subordinate or supervisor knows that you have little experience on that matter. Be honest – it will not kill you. Furthermore, your co-workers are more likely to forgive your lack of knowledge than you being a dishonest person.

We must also strive for results, consistency in meeting the team goals, commitment on the given task, and meeting the deadlines. Sparingly telling your co-workers that you do not have the knowledge is acceptable, but giving too many excuses that you are lacking the necessary knowledge will make you look bad. Your co-workers may think that you are just making an excuse. You need to create a plan by getting inputs from other colleagues. This will give the impression that you are serious about getting the job done. In addition, displaying a competency as a newcomer will make a person more real, respected and positioned for progress in the company.

In an organization, there are many standard policies and procedures about our dress codes, the time we need to show up, and other small details like content to be included in the

e-mail signature. Taking a negative perspective, these indicate that the organization does not trust its employees. However, to thrive in the challenging business landscapes, organizations such as Google, Facebook, and Netflix, nowadays are shifting their perspective and put trust in their employees. A survey was done by Deloitte also proved that millennials are keener to stay with a company that allows its employees to express ideas among team members. Large corporations, like Petronas and Maxis, are now allowing flexible time when entering the office to show that they trust their employees.

As newcomers, we must take this advantage and allow ourselves to take the thoughtful risk to improve work task. As an example, if you are assigned a specific task, try not to stick with an old method of solving it. Open yourself to new outcomes and try to improve those old Excel spreadsheets that you are constantly using by investing your time to understand new advanced template. Rest assure any organization that does not acknowledge risk-taking employee is pushing away a massive group of workers that have the potential to become excellent employees.

To summarize, newcomers need to understand how trust works in a team and to comprehend the complexities and the challenges that arise from it. Furthermore, knowing where trust stands in a team will create opportunities for newcomers to learn, grow and develop in a career. Also, having trusted team members will help newcomers to be aware of their fellow team members' behaviours, which may contribute to high productivity. Newcomers can model these positive behaviours to create their own positive behaviours towards achieving the team's goals. All in all, my advice to newcomers: earn, build, and sustain trust for your career satisfaction.

AHMAD SHAHRIL BIN SHAHARUDDIN

Regional Cost Controller (Drilling Department)

ahmadshahril01@gmail.com

019 601 2180

OPEN PLAN OFFICE: BAD FOR EMPLOYEES?

By Nur Amalina Khairol Mokhtar

Employee performance is important to all organizations because it is the driving factor behind every organizational success (or failure). Apart from individual factors such as personality, emotion, attitude, and behaviour, situational factors also play an important role in enhancing employee performance. Office environment and conditions, which include lighting, noise, hygiene, and layout, have a significant influence on employees' behaviour, perceptions and productivity.

Open plan office is a design without walls and cubicles, which makes the workplace more open and large as it minimizes the enclosed and private rooms. The intention of this design is to promote collaboration and improve communication between colleagues. This is possible given that there are no barriers such as walls and doors that enhance the face-to-face interactions, which encourage them to discuss and have better decision making. Two well-known organizations that adopted this design are Facebook and Google.

Not everyone, however, is receptive to this idea. There are many criticisms about this interior design. Forbes reported that this type of workspace plan would lower the productivity of the employees and affect their attitudes. Employees feel that they have no motivation to work because the work environment is too noisy. Open plan office encourages open communication, which means that more information can be shared. To some employees, listening to the ideas constantly will lead to information overload. It is very difficult not to listen to what others are talking or discussing about. This situation creates many distractions. As a result, working in the open plan office reduces their productivity and satisfaction.

Although employees may not realize that their health could be affected by this type of office design, academic studies suggested that open-plan office can affect employees' health negatively. As open-plan office cannot eliminate unnecessary noises, some employees may experience emotional symptoms such as irritation, annoyance, and distress. As a result, a prolonged exposure to the noises can affect their health. This is especially so when the employees endure the noises, which they cannot tolerate, and it builds up into inner stress.

Employees, in general, are still sceptical as to having this open plan office because privacy is still the main concern to many of them. Only a small number of companies adopted this idea. Employees, especially the introvert, prefer to work on their own without much attention given by others. They choose to isolate themselves by being busy and they stay focused on their tasks. They also prefer to wear large headphones to avoid any kind of interactions with other employees. By wearing large headphones,



it gives the impression to other employees that the person does not want to be disturbed. Perhaps the person is very busy to the extent that he does not want to be disturbed. By having an open plan office, the introverts will feel uneasy and not comfortable. They will have difficulties in concentrating on their tasks because they feel that they are being watched by others.

Research on open plan office found that women do not favour this office design than men do. It is because women are found to be more sensitive to noises and have less tolerance for it. For example, a study conducted at a British government office revealed that women found it harder to accept the open plan office because they feel that people are watching and observing their appearances, which make some of them lose their motivation and self-esteem. They think that people were judging them, especially when the male employees were staring intensely at them. This perception can lead to undue stress because employees may overthink about being watched and have less ability to rest. Over time, this situation may affect the employees' health adversely. If this feeling of uneasiness prolongs, then it is possible that the employees will leave the organizations. Not only they leave the organizations because their perceived work privacy has been violated, but also because they feel less satisfied with their work environment.

The employee-manager relationship is important in enhancing employee productivity. This is achieved by giving freedom to work using own creativity to the employees. In workplaces, however, such a relationship is not always present. Even worse, the open plan office makes it impossible for employees to escape from their managers with bad attitudes. They have to face the possibility to be humiliated and scolded openly in front of other employees. This will reduce their self-esteem and self-efficacy. Employees will feel anxious and stressful, especially when these managers observe and inspect them regularly. Over a long time, workplaces can become the breeding place of toxic behaviours, civility is diminished, and employees will suffer from depression. When the situation persists, it is not uncommon that employees will leave the organizations when they are constantly being exposed to managers' bad behaviours. In fact, Forbes reported that the number one reason why people leave their jobs is because of their bad managers.

In Malaysia, evidence suggesting the employee reluctance to adopt the open plan office is still at the initial phase. Nevertheless, attempts were made to identify whether the open plan office is suitable to be adopted. For example, in a study published in the International Journal of Social Science and Humanity, the authors showed that there were many problems

when organizations adopted an open plan office. According to this study that involved three different offices in Selangor and Kuala Lumpur, it was found that out all three offices had similar problems of having a crowded space and insufficient storage. Because of limited space, there was no place to put the materials, files and documents according to its types. The office became very messy and disorganized. In addition, the offices had no space for meeting with clients or suppliers. Alternatively, they had to use studio working areas, which was distractive and uncomfortable to their employees. Majority of employees also agreed that the physical condition of their office could influence their work productivity and motivation.

Any organization that intends to adopt this design is encouraged to identify the benefits and the drawbacks that this design can bring. For example, the management must ensure that the office environment is improved and the facilities are good enough to accommodate this office design. Most important, the management must make sure that majority, if not every one, of the employees, are ready to accept the open plan office. Ensuring their readiness to accept can be done through communication, whereby the intention is to get their feedbacks about having the open plan office implemented in the organization. Only when employees can accept this design, the management can take the necessary actions to ensure that employees are satisfied and can boost their performances. Hence, an open plan office can be beneficial if both human factors and facilities are taken into consideration.

NUR AMALINA KHAIROL MOKHTAR

MBA Student
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
amalina84@gmail.com
019 608 7987

JOB CHALLENGES OF EMPLOYEES IN NATIONAL ANTI-DRUGS AGENCY

By Farahrina Francis Martin & Mohd Nur Iman Abd Majid

Drug abuse is a major problem in Malaysia, and it has been declared as Malaysia's number one public enemy. To combat this problem, the National Anti-drugs Agency (NADA) has implemented various programs in managing drug abuse and relapse cases. These include the establishment of enforcement, prevention, and treatment departments for drug abuse and relapse inside NADA. This agency also provides rehabilitation centres with an open-concept approach such as Cure & Care Clinic for those who seek voluntary treatment.

The effectiveness of employees who work as the government paid social workers has become the backbone of NADA. Employees under NADA have huge responsibilities to spread the awareness of drug abuse; not only as a public health issue but also as a public social issue. Like any other social workers, they are also facing various challenges in carrying out their duties, especially when dealing with the society. This is not an easy task for them. In providing the services, they must have knowledge, patience, tolerance and compassion in order to deal with drug abuse effectively.

In carrying out the task, values of the employee are often jumbled up between work and personal values. For example, employees personally could consider the problem of drug addiction as severe and disgusting. Nevertheless, as professionals, they should consider drug addicts as patients who need treatment and support. By nurturing skills and expertise, professionalism of employees can be maximized. Wisdom and mindfulness are crucial elements when managing the challenges in both health and public social issues.

There are several challenges faced by social workers that potentially cause a stressful life. First challenge is in terms of unpredictable working hours. Even though working hours for government paid social worker specifically in NADA is set from 8-to-5, they are required to standby with ad-hoc tasks based on instructions from superiors. This will cause a time conflict especially for employees who have spouses and kids. This type of work arrangement will reduce the time spent with family and also sleeping hours. For example, they need to run a raid at several places starting from midnight until dawn. To some extent,

it will cause disturbance of moods and emotions of employees as well as family members. Nevertheless, employees still need to be professional in carrying out their duties.

In providing services to the community, NADA employees must have rational behaviour even during the most difficult situations. Employees should be wise to regulate their emotions when dealing with a tense situation raised by drug addicts. Employees also should intelligently divide work-family tasks to stabilize the work and family interface. Therefore, families play an important role in understanding the work environment and the responsibility of NADA employees. Considerations from a spouse can outweigh the problems they are facing as the government paid social workers. We know that it is easier said than done, but with continued effort and motivation, NADA employees could give the best services while helping society.

Second is the challenge in terms of employees' safety, especially during the raid. Conditions of drug addicts' ports are nasty, dark and full of rubbish. Venomous insects such as centipede and wasps, and insects that carry diseases such as Aedes mosquitoes are found because of the conditions of the port. A lot of addicts' tools such as contaminated needles and syringes that possibly contained diseases are also found at the ports. It is even more challenging when there are drug addicts with HIV disease. Tactical outfits complete with gloves and boots should be worn by employees, accordingly. Employees should take extra precaution when entering the drug addicts' ports.

Some steps have been taken to preserve the well-being of employees while performing their duties. Periodically, employees have been given immunization injections to prevent them from infectious diseases which are carried by some drug addicts. Diseases such as Hepatitis and Tuberculosis are easily spread into the air from coughs and sneezes. This air born disease can easily infect others especially the NADA employees who are exposed to the interactions with drug addicts.

Furthermore, drug addicts who are under influenced may act aggressively when they are aware of the presence of employees. Agile mind enables employees to manage unexpected situations

among aggressive addicts. Employees should be mentally and physically prepared, especially in terms of fitness. Therefore, even though it is not compulsory, employees should have a basic skill of martial art for self-defence. This is important especially if the drug addicts aggressively attack them with weapons.

Third is the challenge in terms of treatment of drug addicts who under supervision orders and undergoing the treatment programs. The recovery process is a continuous process and the most difficult path for drug addicts. In early detention, drug addicts suffered from withdrawal symptoms such as vomiting, diarrhoea, shivering and they refuse to eat. Their condition is very weak because of addiction. Their emotions are also unstable. Some of them tend to act aggressively such as thrashing wildly, smashing, screaming and shrieking. Many drug addicts do not follow the treatment programs that are provided for them. This will complicate the recovery process and there are high chances for relapse.

NADA employees believe that recovery process is a lifelong process for drug addicts. Motivation from employees will help drug addicts to speed up the process. The responsibility of employees to ensure that drug addicts will follow the specified program and they will not take any kind of drugs during the two-year supervision orders. Various efforts such as psychological programs, religious approaches and sports activities have been carried out. Employees must encompass their own initiatives to support drug addicts to engage with all program in the recovery process.

The last challenge is to make the society understand about their job scope, as well as the need to address issues pertaining to drug abuse, drug addicts, and relapse. Some of them have a wrong perception about the way NADA employees carry out duties, especially among drug addicts' family members. For example, they do not want their family members to be arrested by NADA employees; therefore, they try to protect and hide the drug addicts. This kind of action does not help drug addicts. It will even make the situation getting worse.

The two main tasks of NADA employees are to explain to family members about drug abuse and to make them understand the importance of treating the drug addicts to recover, especially when the drug addicts stay under the supervision orders in NADA. Good interaction with family members helps the recovery process and decreases the tendency of relapse. Some of the drug addicts have difficulties in expressing their problems regarding their addiction to the family. The family may receive the wrong message. Poor communication can cause stress and depression to both sides. Therefore, NADA employees act as mediums to teach family members some steps to identifying drug addiction problems.

In conclusion, not only drug addicts will face the challenges of stigmatization by families and society, but the government paid social workers of NADA faced the challenges in educating society about drug abuse and relapse. The society also has less understanding regarding the role of a government-paid social worker. Society should be injected with awareness of drug abuse to help drug addicts recover and not to relapse. Everyone needs to eliminate the negative perception on individual who has recovered from drug abuse. This perception will damage the ex-drug addicts' beliefs and their social identity. Society at large also plays an important role together with employees of NADA to bring drug addicts into their normal life and seek for a better quality of life.

FARAHRINA FRANCIS MARTIN

Doctoral Candidate
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
farahrina888@gmail.com
010 959 2701

MOHD NUR IMAN ABD MAJID

Enforcement Agent
National Anti-drugs Agency Malaysia
mnimanmajid@gmail.com
03 8734 9185

MACRO-MANAGING IS THE WAY TO MANAGE MILLENNIALS FOR BETTER PERFORMANCE

By Arun Kumar s/o Murugasu

We often hear that the 'Generation Y' or better known as 'Millennials' are being labelled as job hoppers and disloyal to their employers. They are also being called as ineffective and often perform poorly at workplace, especially by many local organizations. When the United States of America (USA) and European countries have accepted the fact that Millennials are the backbone of their future workforce and have reshaped their cultures and values that suits them, majority of the organizations in Malaysia are still blaming the Millennials of their attitudes.

We need to be reminded, however, that millennial generation is entering into the workforce in vast numbers. According to Sridaran Nair, the Managing Partner from Price Water House (PWC), it is estimated that Millennials will make 75% of total global workforce by the year 2025. This figure was obtained from his survey article entitled 'Millennial at Work: Reshaping the Workforce', which was published in 2012. Therefore, ways of managing Millennials must be addressed immediately by the local organizations in Malaysia to improve this generation's performances as well as the organization as a whole.

It is no doubt that the turnover among Millennials in an organization is high as they are attracted to salaries and perks offered. It is not something to be blamed as the current lifestyle and technology advancement demand higher living cost. Similarly, there are many Millennials who left their organizations highly because they could not get along with their superiors or managers who micro-manage them at their workplace. Does this mean that Millennials are not comfortable with micro-managing them at workplace? Certainly yes! Millennials feel that it is frustrating and annoying if they are micro-managed because they feel that they are over-controlled in every aspect of their works. This will hinder their progress and creative thinking in a long term.

The intergenerational conflict between the highly experienced Baby Boomers and Generation X against the Millennials is often debated in many organizations in Malaysia. Now, moving forward in business, organizations should give priority to understanding the Millennials' behavior and culture as well as getting the

best out of them by adopting "*macro-management*" style of managing. When talking about macro-management, most managers or head of departments from Baby Boomers or Gen X-ers fear that giving too much power or freedom to Millennials will result in poor outcomes. According to Scott Asai in his article "Macro-Management: A Millennial's Dream Scenario at Work", one should understand that macro-managing Millennials is about equipping and then empowering them. It means that the Millennials still need coaching and guidance from highly experienced personnel and subsequently they should be given the autonomy to carry out their own tasks.

A key element of macro-management is 'trust'. Even in the Maslow's Hierarchy of Needs, self-esteem (i.e. trust) is classified as the second highest tier in the pyramid. Trusting and giving necessary respects to Millennials definitely will boost their confidence and motivate them to perform better at their workplace. For example, entrusting the Millennials to carry out certain assignments independently with complete freedom acknowledges that they are moving towards something they dream for while gaining plenty of experiences. It will increase their enthusiasm, which, in turn, lead them to do their best in it. What a manager or head of department must do is to have an open communication with the Millennials by providing clear objectives and setting up ground rules upfront. This will help both generations to build positive relationship and foster better understanding, which will eventually boost millennial's performance at workplace.

Flexibility is also another element of macro-management that should be adhered to manage Millennials. With the advancement of technology and importance given to work life balance, the conventional 9-to-5 five-day work is really annoying, especially for the Millennials. Many multinational organizations have implemented flexible working hours for their employees knowing that a high number of Millennials prefers such schedule. However, implementation of this state-to-the-art schedule in local organizations is still very poor. Having alternative scheduling, compressed work week, work from home and considerate time off policies are some of the workplace flexibilities that can be



considered by the organizations in Malaysia. Issues that matter the most to the Millennials are the tasks assigned to them is done, and it is done on time. It does not matter where and how they complete the tasks. As a manager, setting up ground rule such as the objectives and deadlines must be given emphasis, but they should not worry much about the tactics used and the adherence to the clock in/out by the Millennials.

In macro-management system, providing feedback to the Millennials is also one of the important elements where Millennials expect and value feedbacks from their superiors very much. Many organizations in Malaysia still practice an annual review or a semi-annual review to their employees. However, Millennials prefer to get feedback on their performance more regularly and on real-time basis. Giving the Millennials honest feedbacks and stressing on their positive contributions as well as improvements they could make will spearhead their competencies at workplace and drive them to perform better. While providing feedback will motivate the Millennials, rewarding them for their excellent job will aggravate their loyalty to the organization and make them to believe that a clear career path is available for them. Therefore, offering promotions and upgrades by ignoring seniority and length of service will keep hold the good performing Millennials and allow them to thrive further.

Macro-managing Millennials is even harder than micro-managing them as it needs some tweaking of managers' mindsets whom are very much used to the traditional micro-managing system. However, if it is implemented successfully, then the organization's and employees' growth will be more visible. It is simply because when the members of an organization work under less stressful conditions and everybody is engaged to each other, it creates positive energy throughout the organization and it is reflected as part of the organization's growth. When we macro-manage, Millennials will feel more engaged and attached to the organizations. Getting Millennials to be involved in certain decision making process and get them to own the outcomes of the decisions made, whether it is a success or failure, it will drive them further. As a manager, establishing a 'mentor' based communication with the Millennials such as having some

brainstorming session, bringing them out for a lunch treat or sending them some informative articles will get them to be more engaged to the task given and creates a comfortable feelings. Therefore, a manager who gets the Millennials to be engaged with the organization and the task given will more likely be successful in implementing macro-management system.

Challenges are expected in adopting macro-managing style in an organization, especially from the traditional micro-managing practitioners. As it is not relatively easy to adopt macro-managing style, it requires a bold decision from the top management to prioritize in upbringing the Millennials and get them be more engaged in the organization. Entrusting them in their ability, providing flexibility at the workplace and delivering honest feedback are the core tools to successfully implement macro-managing style on Millennials. Most important, the manager has to be very clear on the objectives, roles and what exactly is required from the Millennials in order for them to execute the given tasks. Transforming from micro-management to macro-management also takes plenty of efforts and mindset changing of Baby Boomers and Gen X-ers. There are many training consultants out there who can provide training services to any organization that is looking towards changing their management style especially those who focus on engaging the Millennials into the workforce. Moving forward in business, ambitious organizations that have long term goals, getting the Millennials to perform at their best is the key strategy for sustainable business growth.

ARUN KUMAR S/O MURUGASU

Senior Internal Auditor
United Malacca Berhada
arunkumar@unitedmalacca.com.my
06-232 3700

THE WORKINGS OF A SMART PAYCHECK ADVANCE

By Azra Syakirah binti Zulfakar



In a fast-paced business world, organizations and their employees are being pressured to achieve their business goals. In the process, employees cope with the immense amount of stress that affects their health and longevity which could be attributed to work-related stress. Too much pressure or long-term stress can cause employees' physical or mental collapse caused by overwork or stress, leaving them with less energy to function in and out of work. Employees experience stress over a financial matter, market conditions, organizational shifts, personal life events, or changes in benefits. This aspect has influenced the productivity of employees as they carry this stress to the workplace.

Job satisfaction can be described as a result of employees' perception of how well their job provides those things which are viewed as being important to them. Money may provide answers to all things. Money has been acknowledged as the greatest motivator for majority of workers, especially those who occupy the non-managerial levels.

Most employers already provide wellness and employee assistance programs alongside other benefits to support their employees' overall quality of life. Nevertheless, those programs don't always address the complication of each employee's financial situation. Financial problems are not just the concerns of the person who suffers bad fortune. Malaysian household's financial unsteadiness is mostly contributed by individual income instability and purchasing power erosion, further augmented by consumer debt growth is faster than inflation. This phenomenon

contributed to the common practice of paycheck advances given by employers to respective employees. Hence, it's important to consider a few things if they are inclined to give employees advances or even a meal allowance.

Paycheck advances is an act where employer paying an employee a part of his salary in advance. For example, if an employee has an emergency case and is in need for his salary of the month in advance, then the employer can pay him a portion of his salary beforehand. The advances may be recovered in instalments on an interest-free basis. The company may set the cap at a specific amount or a percentage of an employee's wages. They should also determine how often employees can ask for an advance, such as once per month.

The employee should be informed of the company's paycheck advance policy. It is important that the employer makes sure that their employees understand the terms and conditions of paycheck advances. Looking after employees is a key part of the Human Resource Department. New technology means Human Resource teams can track how employees feel and gain insight into how different teams work. They can also encourage employees to get up and get moving by offering incentives such as meal allowance and providing paycheck advance. The meal allowance and paycheck advance allow the employer to motivate its employees by providing a fiscally attractive additional purchasing power.

Today, technology helps every aspect of the business, from marketing to sales, to office management, to customer service, to communications, to data security, and so on. In recent years, the Portuguese Government reinforced its laws to implement the meal allowance to the employees of all companies. Many companies have chosen to distribute meal cards instead of meal coupons, largely because of the convenience for themselves and their employees. The meal allowance and paycheck advance may be converted into a smart card in line with the increasingly sophisticated world.

These cards, the Smart Meal Card and Paycheck Advanced Card, offer the ease and convenience of providing employees with meal allowance and paycheck advance on a card platform. They also allow employees to use their smart card to make purchases throughout the organization via payroll deduction or prepaid declining balance.

The cashless payment system will be implemented to the canteen or cafeteria nearest to the office area. After a hectic morning, the lunch break is a time to relax and talk for many employees. They are looking forward to good food. What the employee does not want are long queues and therefore, cold food. The introduction of a cashless payment system in the restaurant or in the cafeteria is the ideal opportunity for improvements. Payment with cards not only has a hygienic effect but also the processes can be improved because of faster payment. The employees pay with a card and do not have to take any cash with them. In operating restaurants, canteens and cafeterias, one not only benefits from the speed of payment but also from the electronic recording of sales data.

In dealing with this situation, a payment sector is implemented on the employee card. The payment part is charged with credits and the amount is deducted from the balance on the card. For this kind of payment system, a cash register software, a management software and a money loader are necessary. Payments for the meals are made at the payment counter when leaving the canteen or cafeteria. A card reader is connected to the payment counter, which transmits the data of the employee card. Payment is made by swiping the card on the card reader. The payment software is necessary for billing and administration. This software also includes a complete reporting system. The card is inserted, and the current card credit is displayed.

A further possibility to top up the credit is via salary or by the Human Resource Department's control. The chip is topped up immediately and billing is made to the payroll at the end of the month. Employees consume and pay by passing the card on the card reader. It is not compulsory to charge the card beforehand, as the food is paid at the end of the month via payroll. For this variant, a cash register and a management software are necessary, the money loader can be omitted.

In order to assure the employees of a cashless payment system, a subsidy is usually linked with the payment cards. This means that the employee obtains a certain amount from the company as a supplement for lunch. All elements are fully integrated and can be managed centrally with an intuitive user interface. This allows the canteen or cafeteria manager to survey all components in the canteen and cafeteria to evaluate the sales data from the workplace. At a glance, they can see which elements need to be improved to increase sales.

The Smart Meal Card gives many benefits to the canteen and cafeteria such as better planning, control and management overpayments, improved meal planning and reduced food wastage, fast and efficient payment process, quicker service, shorter queues, and reduced cash handling, better reporting and reduced cash shrinkage.

AZRA SYAKIRAH ZULFAKAR

Purchasing Executive

Posim Petroleum Marketing Sdn Bhd (Shah Alam)

azra.syakirah@yahoo.com

03 5102 2999 (ext: 3861)

CREATING MEANINGFUL WORK THROUGH JOB CRAFTING

By Ida Rosnita Ismail & Hazlan Abdul Hamid

During the era of scientific management, highly routinized jobs were applauded in an attempt to increase employees' efficiency and productivity. Tasks were performed based on objective, scientific techniques adopted by managers. One of the well-known techniques introduced and used was the time-and-motion study. This technique focused on quantifying how much time one spends in performing different operations of a job. By setting the pace of work, the efficiency of people and equipment can be observed.

Some large organizations still adopt the scientific management approach. McDonald's, being one of the largest fast-food providers, places importance in adhering to a uniform method in performing individual jobs by its employees. It is done to ensure customers are served with foods of high level of quality across its chains and franchise all over the world. Although McDonald's adoption of the scientific management approach demonstrates that this long-established traditional management viewpoint is still relevant in today's business world, not all businesses can replicate the success story of McDonald's if they wish to do the same.

The nature of business now requires organizations to be flexible and adaptable to a changing environment. Two main forces that could easily change the landscape of any kind of business are technology advancement and customer demand. Because human capabilities and competencies vary, robots and automation take over routine processes that were once carried out by humans; thus, ensuring customers, consumers, and clients get what they ask for with speed, accuracy, and consistency.

Leveraging on technologies to meet customer demand, however, is limited in application. Despite the exponential growth in using robots and automation, some occupations still require a human touch to connect with human users. Call-centre operators, healthcare workers, social workers, office administrators, and flight attendants are few examples of occupations that cannot be replaced by robots. These occupations require empathy, courtesy, self-awareness, compassion, humility, and authenticity—to name a few—when interacting with consumers and other stakeholders. Although robotic replacement in this kind of occupations may be envisaged by some people when thinking about a futuristic world, society at large is not ready yet to embrace the radical transformation in this new world of business. Many people are still sceptical about it.

Taking a few steps back, there was substantial evidence on the importance of motivation, satisfaction, commitment, and engagement among employees across organizations. These all omnipotent concepts do not alienate employers and employees. Business people also understand that having a motivated, satisfied, committed, and engaged workforce is important to increase employee productivity, which eventually increases organizational profitability and ensures an organization's survival. Thus, the question is no longer about comprehension of the concepts, but about how to operationalize them.



Our proposition is simple and straightforward: create meaningful work through job crafting. There are various reasons why people work. Money, socialization, and self-actualization are the three common reasons. It is almost impossible to uncover all the reasons, as much as it is almost impossible to count how many approaches there are when people undertake their work. Scholars, however, agree that people desire to feel that their work is significant to themselves as well as to others whom they are serving. They want to feel that not only the work they do fulfil the purpose it is created for, but also their work has an impact on society. It means that people want their labour to have a broader meaning in life than a mere means to earn money. This is what makes work meaningful.

Each employee can create meaningful work by determining how they want to perform their jobs within a set of predefined boundaries. For instance, an amateur video of 1.57 minute-

duration about a flight attendant who announced the safety rules humorously went viral on social media recently. Flight passengers usually do not pay attention to safety announcements once they board the vessel. To attract the passengers' attention to listen to the safety announcement, the Frontier Airlines' flight attendant chose to make the announcement in a humorous way, which included telling passengers that the airline does not provide parachutes and wearing safety jackets is likened to wearing polka-dotted bikinis upon emergency landing on water.

The example above illustrates the importance and relevance of job crafting in creating meaningful work. The main idea of job crafting is to redesign one's own job using available opportunities so that the job is customized to better fit his motives, strengths, and passion. It is not intended to undermine a job design set by organizations, but it is meant to allow employees to enrich the existing job design.

Employees nowadays are very resourceful. There are abundant resources available around them. Employees know workplace interactions now are more complex than before, with pressing demands from multiple stakeholders for superior work performance. Furthermore, agility and flexibility in the era of the fourth industrial revolution add to job complexity. Employees are also aware of the growing importance of information technology, which provides them with an easy access to various information that was once unknown to many. These resources open up the opportunities for employees to craft their jobs by changing how the jobs need to be carried out in effective and efficient ways, but not changing the content of the job. Hence, an automotive engineer is still an automotive engineer; he will not become an aeronautical engineer.

How can employees craft their jobs? First, they can alter the boundaries of their jobs by adding or reducing the number of tasks or changing how a task is performed (task crafting). For example, a social worker at a private non-profit organization may create a new method of identifying potential donors to ease the identification process based on his work experience. Second, job crafters can change the nature or extent of their interactions with others at work (relational crafting). As illustrated above, a flight attendant can make an engaging announcement when telling flight passengers about safety rules. Third, employees may also craft their jobs by changing how they perceive the tasks of a particular job (cognitive crafting). A teacher who is expected to teach a group of young children may perceive that he is teaching a group of future innovators. With this perception, the teacher will find interesting ways to engage the children in the learning process.

Like any other management ideas, implementing our proposition comes with several challenges. Job crafting is secretive in nature. Unless job crafters make it obvious just like what the flight attendant in the previous example did, management will not be able to notice it if it is subtly done. Employees typically make small variations in performing their jobs because they are not sure if such variations are acceptable by the management. In other situations, relational crafting involves personal interactions among parties involved. Therefore, it may not be noticeable

by the management. Similarly, cognitive crafting occurs in employees' minds. It may take some time for management to identify how employees change their perceptions to create impacts from the jobs done.

There is no issue when crafting a job is beneficial to an organization. If crafting one's job aligns to the organization's objectives and strategies, then the process is very useful to the organization in increasing employees' affective and cognitive states. Problems arise when job crafters pursue their passions that are not in line with organization's directions. It is more complicated when managers reject the idea of job crafting. It is possible, in this situation, employees will engage in creative deviance, which is pursuing their ideas that are already rejected by managers.

At this point, we suggest that organizations consider favorably adopting the job-crafting idea. Despite the challenges, job crafting allows employees to sustain their motivation and increase their level of satisfaction, commitment, and engagement at work through the utilization of opportunities and creativity. Job crafting also provides organizations with a productive workforce, which eventually contributes positively to its bottom line. Therefore, leaders and managers must play active roles; perhaps starting with creating supportive culture, modelling positive job crafting, encouraging open communication, and fostering trust in an attempt to engender positive outcomes from job crafting.

IDA ROSNITA ISMAIL (Ph.D)

Deputy Dean (Research)
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
idarnosnita@ukm.edu.my
03 8921 4966

HAZLAN ABDUL HAMID

Deputy Registrar
Institutional Development Division
Universiti Sains Malaysia
hazlan@usm.my
04 653 3366

MOVING FORWARD IN BUSINESS

By Amiruddin Abdul Shukor

One always imagines that the business that he or she is in will sustain for the next 10 years or to the extent, as many future years as it could be. Only time will tell whether the business venture that they are in will still exist in the next 10 years period.

What would be the recipe for business sustainability? Is there a benchmark or sign that can tell whether a business can weather economic turmoil, political tsunami or technology evolution that may happen along the way?

New Business Model

With the constant change in the way we do transactions, businesses need to evolve. From the time when we used commodities (padi, gold, medallions and etc.) as medium of exchange up till the era of using crypto currencies, the business model that supports its use differs from those days of using commodities. From using encyclopedia thick business plans in laying business strategies and action plans, to using a simple business model canvas (BMC) to chart a project's viability, businesses need to adapt to the new techniques and methods in doing business. In the fast-growing business cycle, new business model (new ways of doing business) is needed as fast as the change in technology. Hacking and re-designing the current business model should become an annual event during company's retreat. Project viability can be obtained via thorough validation process that was carefully designed through a service design method with users/customers experience input as its main ingredient.

BMC is a visual to describe, design and test a business model. It is generally being used by strategic managers and provides a holistic view of current business. BMC enables us to see the connection between the value proposition, customer, key activities and resources, customer relationships, and channels. It will clearly identify key strengths and sheds light on non-value adding activities that are waste for businesses. BMC is ideal for anyone looking to deepen their understanding of Business Models / build their startup / have a role to play in an organisation that can influence strategy.

Invest in Multitalented Workforce

Information technology (IT) is influencing the way we hire as much as the way we work. Employees today must embrace technology whether they want to do so or not. Those that do not, run the risk of obsolescence if not being replaced.

A few years back, roles were clearly defined, hierarchical structures were firmly established, and when we hired an individual, it was generally for a specific job that required a very specific skillset. People went to school, learned their trade and carried it forward, knowing what their role was going to be for the foreseeable future.

Today, we place high value and prefer individuals who possess a broad range of talents across several disciplines. The ability to adapt and learn new processes is not simply a nice-to-have quality, it is part of the job description. Available technology is driving change in ways it would have been hard to imagine just a few years ago, and it is not showing any signs of leveling off.

Innovation Driven Organisation

To move to the next level, generally, companies need to instill innovative mindset in the organisation. Many companies now are investing in innovation, which means they are investing in either technology, new breed of workforce or new infrastructure. The position of Chief Innovation Officer (CIO) is now crucial to many industries, with retail leading the change. This connotes that innovation happens at the leadership level, but it cannot stop there. Almost at all level, the right and innovative mindset must be present and every individual from the executive suite, down to the laborer needs to be engaged in the process. Only then, the company's growth can be accelerated and business sustains.

The future of the business must be fully aligned with the innovation drive initiated by the management. What new efficiency steps can be deployed to streamline processes? What decisions can be made based on the data we have at our fingertips? The more control we have, the more transparency that exists into all of our daily processes, the more value we can drive back to the bottom line – and all of that hinges on innovation and its ability to deliver those insights into our hands.

Use of Future Technologies

Changing needs in the business realm can be likened to an aeroplane that is going to take-off from the airport runway: if you are late for boarding, you will miss your chance. By the time you onboard the next flight, you will be yesterday's news. It's no longer solely the arena of enterprise, either. Businesses and enterprises today can engage technology like they never have before. For a fraction of what it cost just a short number of years ago, small businesses can leverage the same solutions and insights that put industry leaders on top. From logistics and fulfillment to customer service to real-time business intelligence, it is there for the asking.

Today, technology fuels just about every aspect of business, from marketing to sales, to office management, to customer service, to communications, to data security, and so on. You would be hard-pressed to cite any job function that is not in some way influenced by technology. To make a go of it in today's competitive and unstable climate, you need to be agile. To enable your agility, you need technology. Using the right current technology makes a business running at same place as its peers. However, the ability to develop and embrace future technology makes the business far ahead of its competitors. For example, in November 2017, Amazon launched its "Amazon Go" (just walk-out technology) for retail stores, using advanced machine learning, computer vision and artificial intelligence with deep learning algorithms and sensor fusion features. Customers never had to queue in lines to pick, check out and pay for the retail items they purchase. All are done via the e-wallet in smartphones. Convenient? Obviously!

For business to move forward, the use of technology as the enabler of growth cannot be denied. In 2013, McKinsey Global Institute studied about technologies that will disrupt the economy by the year 2025. The technologies they identified have potential to affect billions of consumers, hundreds of millions of workers, and trillions of dollars of economic activity across industries. These technologies could drive profound changes across many dimensions—in the lives of citizens, in business, and across the global economy.

Almost every technology on McKinsey Global Institute's list could potentially disrupt the way businesses being operated, creating entirely new products and services, as well as shifting pools of value between manufacturers or service providers or from providers to consumers. Few like automation of knowledge work and the mobile internet, could also change how companies and other organizations structure themselves, bringing new meaning to the anywhere/anytime work style. With automation of knowledge work tasks, organizations that can enhance the powers of skilled workers stand to do well.

Twelve potentially economically disruptive technologies

	Mobile Internet	Increasingly inexpensive and capable mobile computing devices and Internet connectivity
	Automatic knowledge work	Intelligent software systems that can perform knowledge work task involving unstructured commands and subtle judgments
	The Internet of Things	Networks of low-cost sensors and actuators for data collection, monitoring, decision making, and process optimization
	Cloud technology	Use of computer hardware and software resources delivered over a network or the internet, often as a service
	Advanced robotics	Increasingly capable robots with enhanced senses, dexterity, and intelligence used to automate tasks or augment humans
	Autonomous and near-autonomous vehicles	Vehicles that can navigate and operate with reduced or no human intervention
	Next-generation genomics	Fast, low-cost gene sequencing, advanced big data analytics, and synthetic biology ("writing" DNA)
	Energy storage	Devices or systems that store energy for later use, including batteries
	3D printing	Additive manufacturing techniques to create objects by printing layers of material based on digital models
	Advance materials	Materials designed to have superior characteristics (e.g., strength, weight, conductivity) or functionality
	advanced oil and gas exploration and recovery	Exploration and recovery techniques that make extraction of unconventional oil and gas economical
	Renewable energy	Generation of electricity from renewable sources with reduced harmful climate impact

Source: McKinsey Global Institute, May 2013

Conclusion

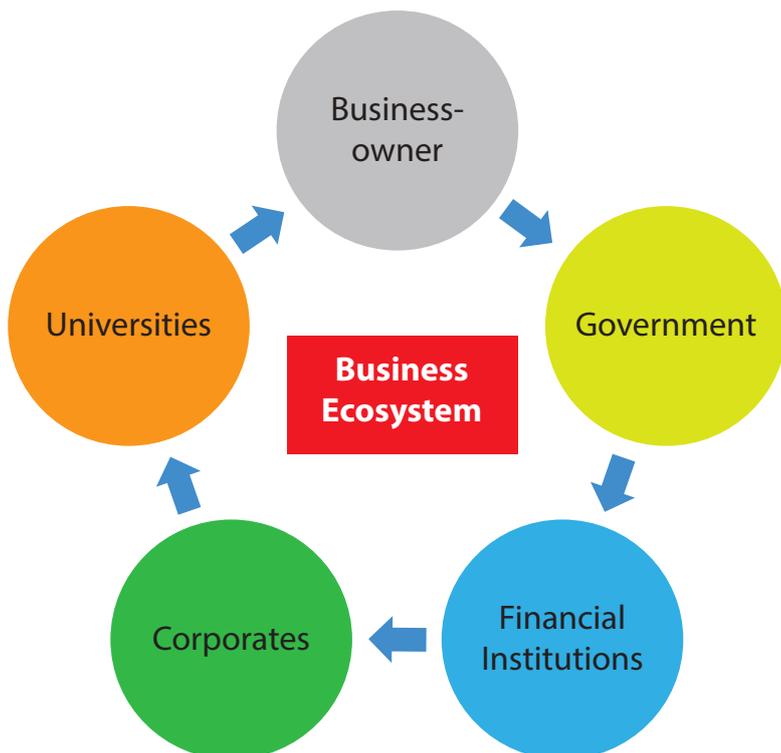
Only time can tell of how a business shall transform in future. A phone used to have wires and cables attached, a camera used to be a box with three legs and a computer mainframe used to be the size of a steel cabinet. But with innovation, creativity and technology, all those are combined into a smartphone and can be operated at the tips of our fingers now. What happened to the phone, camera and computer businesses who led the industry previously? The business owners, policy makers, and stakeholders must look ahead to what affecting their operations in 10 to 15 years period. They must be able to identify the technologies that could affect them, and determine how to shape future businesses, markets and policies in ways that will serve their interests and at the same time satisfy users. Otherwise, they may no longer exists and new players will take over their roles with more innovative solutions to users.

We have seen how innovation and creativity, coupled with technology, changes the way business behaves and operates. But those are not the only factors shaping businesses moving forward. The business eco-system plays a pivotal role as well in ensuring the work and strategies being planned are able to be executed accordingly. Aside from the business it-self (represented by the business owners/entrepreneurs), financial institutions (access to capital, funding and other financing assistance), government (especially the relevant policies and laws affecting businesses), the research and development (R&D) activities by universities (new R&Ds and commercialization) and the corporates (as corporates are also end users/customers of other businesses' products and services) are elements that complete the business eco-system circle, where each element in some way is affecting other elements in the circle.

Business owners must be braved enough to explore new areas or disrupt their own businesses and make the investments to effect change: as the past two decades have shown, successful companies repeatedly reinvent themselves to keep up. These require R&Ds and sunk investments. But the potential to breakthrough and stay ahead as leaders in the industry are enough to satisfy business owners' pride, let alone the return on investments (ROI). As proven by Samsung, the Korean conglomerate giant, the ability to reallocate resources (workforce and capital) early to capture trends made the giant maintains its leadership position, achieves higher return and survives in longer term.

AMIRUDDIN ABDUL SHUKOR

Executive Director
Finance & Corporate Services, MaGIC, Cyberjaya
amirshukor@gmail.com
03 8324 4800



MEMAHAMI FASA KEMEROSOTAN PRESTASI ELAK KEGAGALAN ORGANISASI

Oleh Khairul Akmaliah Adham, Nur Sa'adah
Muhamad & Nur Faidah Mohamad Ariff



Kelemahan pihak pengurusan dalam memahami konsep kemerosotan prestasi organisasi dan kegagalan penyusunan strategi berkesan boleh mengakibatkan kemerosotan malah kegagalan sebuah organisasi. Kemerosotan organisasi merujuk kepada suatu situasi bilamana pihak pengurusan mulai gagal menguruskan permasalahan yang boleh mengancam kestabilan dan kelestarian organisasi yang akhirnya membawa kepada kegagalan. Ancaman ini berpunca daripada ketidakupayaan pihak pengurusan mengatasi tekanan dalaman dan persekitaran mahupun merebut peluang ke arah prestasi yang lebih maju. Keadaan ini jika tidak dibendung secara bijaksana boleh mengakibatkan kadar susut nilai aset yang akan merugikan organisasi dan menyebabkan sumber keluaran yang tinggi lantas membawa kepada kegagalan organisasi secara keseluruhannya sehingga terpaksa menggulung tikar.

Setiap organisasi, terutamanya yang bersaiz besar adalah aset penting dalam menyumbang kepada pembangunan industri dan masyarakat. Organisasi sebegini mendapat kelebihan daripada ekonomi berskala dalam pembuatan produk atau penyediaan perkhidmatan dengan memberikan perkhidmatan yang berkesan kepada pelanggan dengan kadar harga yang rendah. Ia juga menyediakan peluang pekerjaan kepada masyarakat dan berupaya menyumbang kepada pembangunan masyarakat melalui jumlah pelaburan yang tinggi. Justeru, kegagalan sesebuah organisasi bukan sahaja menyebabkan warga organisasi hilang pekerjaan dan pelaburan bagi para pelabur malah pihak kerajaan juga turut kehilangan sumbangan organisasi dalam pembangunan industri mahupun dapatan daripada cukai dan zakat perniagaan. Selain itu, kegagalan organisasi juga akan mengakibatkan para pelanggan terpaksa beralih kepada penyedia produk atau perkhidmatan yang

baharu dan berkemungkinan besar perlu membayar harga lebih tinggi. Keadaan ini secara langsung meningkatkan kos sara hidup masyarakat. Justeru, begitulah besarnya impak negatif kegagalan sesebuah organisasi kepada masyarakat.

Kegagalan organisasi sememangnya amat digusari oleh pihak pengurusan, warga organisasi, pelabur saham, mahupun masyarakat amnya. Akan tetapi, dalam kemelut kemerosotan organisasi, pihak pengurusan tertinggi sebenarnya adalah kumpulan pertama yang akan kehilangan pekerjaan. Namun, masih ramai dalam kalangan pihak pengurusan yang tidak memahami dengan jelas akan fenomena ini. Akibatnya, banyak organisasi menerima tekanan sehinggalah mengalami kegagalan sepenuhnya. Maka, pemahaman yang jelas berkaitan konsep kemerosotan organisasi boleh membantu organisasi terhindar dari masalah, seterusnya memacu organisasi tersebut ke arah kejayaan. Keadaan ini membolehkan organisasi memahami kemerosotan prestasi dan mengambil iktibar serta melakukan tindakan yang sepatutnya sebelum ianya menjadi lebih parah. Tindakan pantas yang berkesan mampu membangkitkan perniagaan untuk terus bergerak maju seiring dengan objektif organisasi.

Para sarjana yang mengkaji fenomena kemerosotan organisasi bersepakat menyatakan bahawa kegagalan organisasi tidak terjadi secara tiba-tiba, sebaliknya berlaku secara berperingkat. Sebagai contoh, model fasa kemerosotan organisasi yang diketengahkan oleh dua orang pakar pengurusan yang tersohor, William Weitzel dan Allen Johnson, menunjukkan kemerosotan berlaku dalam lima fasa:

Fasa 1 Pihak pengurusan tidak jelas dengan faktor persekitaran perniagaan dan masalah organisasi: Pihak pengurusan tidak cakna dengan perubahan dalam persekitaran dalaman mahupun luaran organisasi. Dalam fasa ini, terdapat beberapa indikator yang menunjukkan kemerosotan prestasi organisasi di mana pihak pengurusan tidak peka terhadap perkara yang berlaku. Keadaan ini mungkin disebabkan oleh andaian mereka berkaitan indikator yang terjejas bukan indikator utama yang menjadi penentu prestasi asas organisasi seperti penurunan kadar jualan dan peningkatan kos operasi perniagaan yang tinggi serta kekurangan kepuasan pelanggan.

Tambahan pula, sesetengah perubahan yang sedang berlaku sukar diukur dan dikenal pasti yang menyebabkan tersisihnya dari pandangan pihak pengurusan. Menurut para sarjana, kealpaan pihak pengurusan juga disebabkan oleh kegagalan mereka menentukan indikator penting dalam prestasi organisasi pada peringkat awal. Dalam keadaan ini, indikator prestasi adalah kurang jelas di kalangan warga organisasi lantas menjadikan prestasi perniagaan tersasar dari matlamatnya. Hal ini menjadikan tanda-tanda kemerosotan prestasi organisasi sukar dikesan sedari awal. Bagi mengekang situasi ini, perkara pertama yang harus dilakukan oleh pihak pengurusan adalah menentukan indikator asas prestasi organisasi yang spesifik, boleh diukur dan difahami dengan jelas oleh warga organisasi.

Kedua, pihak pengurusan mesti berupaya mendapatkan maklumat tepat berkenaan prestasi organisasi pada masa yang diperlukan menerusi sistem pengawalseliaan yang berkesan. Ia bertujuan bagi memantau aktiviti dalaman dan luaran serta

membolehkan maklumat diperoleh bersesuaian dengan indikator asas prestasi organisasi. Perkara ini perlulah jelas dan sampai ke pengetahuan pihak pengurusan secara telus. Justeru, pihak pengurusan hendaklah menyediakan peruntukan sumber yang mencukupi bagi melaksanakan sistem maklumat pengurusan berkesan dan menyokong proses pengawalseliaan.

Ketiga, berasaskan kepada pengukuran prestasi yang berkesan dan keberadaan maklumat pengawalseliaan, pihak pengurusan perlu cakna akan setiap perubahan dalaman dan luaran organisasi. Seterusnya pihak pengurusan perlu membuat tindakan lanjut bagi menyelesaikan masalah semasa.

Masalah Pihak pengurusan tidak jelas mengenai kemelut kemerosotan prestasi organisasi jika dibiarkan berlarutan akan mengakibatkan organisasi terjunam ke dalam fasa kedua kemerosotan. Pihak pengurusan yang masih tidak jelas mengenai kemelut prestasi organisasi akan mudah terjerumus ke fasa kemerosotan jika dibiarkan berlarutan.

Fasa 2 Pihak pengurusan tidak mengambil tindakan bagi mengekang kemerosotan: Menurut para sarjana, di dalam fasa ini pihak pengurusan telah menyedari beberapa indikator asas yang menunjukkan organisasi sedang mengalami masalah kemerosotan. Namun, kebiasaannya mereka mengambil pendekatan strategi 'tunggu', 'lihat' dan cuba mengelak dari membuat sebarang perubahan melibatkan kos yang tinggi. Pada tahap ini, Bagi mengelakkan prestasi organisasi menjadi semakin buruk para sarjana mencadangkan agar pihak pengurusan membuat diagnosis punca permasalahan berlakunya kemerosotan prestasi. Seterusnya pihak pengurusan perlu mengambil tindakan segera bagi mengukuhkan semula organisasi dan mempertingkatkan usaha untuk mencapai kejayaan.

Dalam fasa ini, keupayaan pihak pengurusan mendiagnosis masalah dengan tepat menerusi maklumat yang bersesuaian menjadi semakin kritikal. Namun, tindakan ini merupakan perkara asas terhadap pihak pengurusan dalam mengekang situasi organisasi dari terus merosot. Bagi menyokong tindakan ini, maklumat semasa sistem penggera prestasi organisasi amat diperlukan. Jika masalah ini masih tidak dapat dibendung, organisasi akan melangkah ke fasa ketiga iaitu fasa kemerosotan.

Fasa 3 Terdapat ketidaksepadanan antara tindakan yang diambil oleh pihak pengurusan dengan masalah yang dihadapi: Pada fasa ini, masalah dalaman organisasi menjadi semakin meruncing dan indikator kemerosotan menjadi semakin membimbangkan. Dalam keadaan ini, keupayaan pihak pengurusan untuk membuat tindakan yang betul amat kritikal. Keputusan yang tepat akan mengekang organisasi daripada terperosok ke fasa krisis. Justeru, ketidaksepadanan ini berkemungkinan berpunca daripada masalah komunikasi atau ketidaksefahaman di kalangan pembuat keputusan dan pihak pengurusan. Hal ini mungkin berpunca daripada kegagalan pengumpulan maklumat yang lengkap sebelum sesuatu tindakan bersesuaian dilakukan.

Fasa 4 Organisasi memasuki keadaan krisis: Pada fasa ini, organisasi yang berada dalam tahap krisis memaksa pihak pengurusan mengambil tindakan drastik bagi menghindari organisasi dari terus gagal. Dalam situasi ini, pihak pengurusan terpaksa melaksanakan proses pemulihan organisasi termasuk menggantikan kumpulan pengurusan atasan, membuat perubahan radikal ke atas penstrukturan strategi organisasi dan memberhentikan warga kerja yang melibatkan kadar bayaran yang tinggi. Di tahap ini, keupayaan pihak pengurusan melaksanakan strategi pemulihan yang efektif amat kritikal, bagi mengelakkan organisasi dari terus gagal.

Fasa 5 Operasi organisasi terpaksa diberhentikan: Dalam fasa ini, operasi organisasi terpaksa diberhentikan kerana berlakunya penyusutan nilai aset dan sumber yang tenat. Pemberhentian operasi organisasi harus dibuat secara teratur bagi mengekang lebih banyak kesan negatif ke atas warga dan entiti organisasi.

Keupayaan pihak pengurusan dalam memahami serta mengambil tindakan yang tepat dan betul dalam setiap fasa kemerosotan ini berkemungkinan mampu menyelamatkan organisasi dari terus terkubur. Para sarjana mendapati, semakin lama organisasi berada dalam fasa kemerosotan, semakin banyak masalah yang dihadapi, maka semakin besar jurang di antara prestasi semasa dan prestasi sebelum kemerosotan berlaku. Sementara itu, kos pemulihan organisasi akan meningkat secara mendadak dan penyelesaian masalah memerlukan masa yang panjang untuk dipulihkan. Akhirnya, tahap pemulihan organisasi untuk kembali ke prestasi asal menjadi semakin tipis.

Berasaskan kepada ilmu konsep kemerosotan prestasi ini, pihak pengurusan bertanggungjawab dalam menentukan misi dan indikator penting terhadap prestasi organisasi. Tindakan ini bagi membolehkan mereka mengenal pasti dengan jelas petanda dan fasa kemerosotan sedari awal. Kegagalan dalam menentukan misi organisasi dan indikator penting prestasi organisasi menyebabkan warga organisasi kabur dengan matlamat organisasi dan akhirnya berhadapan dengan konflik yang berterusan. Kesannya pihak pengurusan tidak berupaya lagi untuk membendung kemerosotan prestasi bagi memperbaiki situasi semasa. Akhirnya, prestasi organisasi akan merudum dan gagal sehingga ke akar umbi.

Pemahaman terhadap fasa kemerosotan organisasi secara beransur dalam peringkat tertentu dapat menyokong pihak pengurusan membuat keputusan yang tepat. Seterusnya, pemahaman awal fasa-fasa kemerosotan ini menjadikan pihak pengurusan mampu merangka strategi dan berhasil menangani kemerosotan untuk keluar dari masalah kegagalan organisasi. Kejayaan pihak pengurusan dalam mengemudi prestasi organisasi dengan berkesan bukan sahaja dapat mengelakkan berlakunya masalah yang lebih buruk, bahkan mampu memelihara kepentingan warga organisasi dan masyarakat keseluruhannya.

KHAIRUL AKMALIAH ADHAM (Ph.D)

Profesor Madya
Universiti Sains Islam Malaysia
khairulakmaliahadham@gmail.com
06 797 8661

NUR SA'ADAH MUHAMAD (Ph.D)

Koordinator (Kualiti & Strategi)
Fakulti Ekonomi & Pengurusan
Universiti Kebangsaan Malaysia
nurs@ukm.edu.my
03 8921 3700

NUR FAIDAH MOHAMMAD ARIFF

Pembantu Setiausaha Pejabat
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
idahariff@ukm.edu.my
03 8921 4969

THE PUBLIC SERVICE OF THE FUTURE

By John Antony Xavier

There are so many changes in the world today. In a bygone era, the average speed of a steam train was 40 km/hour. Today we witness bullet trains – Japanese Shinkansen, French TGV, Chinese CRH and German ICE. These high-speed trains hit speeds in excess of 300 km/hour. Elon Musk, and others of his ilk, are experimenting with the Hyperloop. This train is a pod that will travel through a near-vacuum tunnel to reach speeds exceeding 1,000 km/hour. That means making the journey from Penang to Johor Bahru in 45 minutes!

Speed is the essence of change in the world today. Adapting to rapid changes is akin to running faster on a moving treadmill. If we slow down, we are most certainly to be thrown off.

The public service has managed to stay on the ‘treadmill’ of changes to public services. Electronic government, one-stop centres, inter-agency collaboration and deregulation have contributed to vast improvements in public services.

The public service has a crucial role to play in promoting the nation’s wealth and prosperity. The speed and efficiency with which the public service operates determine the speed and cost-effectiveness of the private sector. If the private sector is efficient and effective that will boost our competitiveness. And competitiveness matters as it helps boost our exports and attract foreign direct investments. Exports help provide more jobs and

income. With the multiplier effect, the increased consumption thereby will trigger a virtuous cycle of further rounds of consumption, more jobs and more income to lift the economy to ever higher planes. FDIs bring in the needed capital and technology to expand our industrial base thereby activating a similar virtuous cycle of job and income expansion.

That Malaysia has jumped nine places to be in the 15th rank in the 2019 World Bank’s Report on the Ease of Business is a testament to the role of the public service in promoting the nation’s global competitiveness. To retain its pride of place in the nation, the public service will have to ensure its continued relevance in the future. It has to make a quantum leap to the equivalent age of the Hyperloop.

And the future is here. It is Industry 4.0. Satya Nadella, Microsoft’s CEO, in his 2017 book *“Hit Refresh”* says: “Artificial intelligence [AI], mixed reality and quantum computing are going to be game changers. [They] will be more profound in [their] impact on the economy than those revolutions that came before.”

There are clear links between digitalisation and competitiveness and economic growth. Businesses and society will invariably look to the public service to help them ride the digital wave. Who will dispute that the US owes much of its innovative muscle to government support? In his 2009 book, *Boulevard of Broken*



Dreams, Josh Lerner of Harvard Business School highlights the crucial role of the US Department of Defence in the development of the internet and in propelling Silicon Valley's early growth. Similarly, the salubrious hands of the state are apparent in transforming Germany, Singapore and Tel Aviv as hubs of high-tech entrepreneurial activity.

To play its part in furthering Industry 4.0, the public service has to be tech-savvy and agile. Here are some suggestions for it to be so.

First, the public service has to have a strategy to address the opportunities and challenges of Industry 4.0. Kudos to the public service for being in the process of formulating one. The plan should aim to accelerate innovation, entrepreneurship and advanced technological adoption to harvest the benefits of Industry 4.0.

The World Economic Forum predicts a net loss 5m jobs in 15 major developed and emerging economies by 2020 as robots replace humans. Malaysia will lose half of its unskilled and semi-skilled jobs by then. Job losses may slow down technology assimilation. Therefore, digital skills are required. The public service should seek to overhaul the educational curricula to promote the development of new skills. It should strive to reskill workers to minimise income inequality arising from the disruption.

Second, regulations should be fit-for-purpose for the robotic age. Cyber-security, data protection and privacy laws should be top priorities. Standards in engineering and logistics technologies, and IT should be harmonised with international benchmarks so that local businesses can be plugged to the international supply chain.

Third, the public service should become conversant with and use the latest technologies in service delivery. This is because citizen expectations for digital services have increased commensurate with their digital savviness. Accordingly, mobile technology, single-point portals and multi-channel platforms should become new vehicles to deliver services.

Block-chain technology offers distributed ledgers that can enable copyright protection, digital payments, voting and land transactions. Given transaction immutability, distributed ledgers can act as a major corruption deterrent. So too can other digital technologies that offer fiscal transparency,

Fourth, big data analytics should be employed on the immense amount of data that the public service has gathered over the years. The analysis can help the public service monitor public perception of its services while predicting their future demands. Such scrutinies can help the public service align its priorities to citizen needs.

Data analysis on the information in its human resource management system can enable the public service to better recruit the right talent and place them in the right positions. Data analysis can augur for evidence-based decision-making in contrast to the more intuitive, seat-of-the-pants approach.

Data analytics can help the public service personalize its services. In education, for example, teaching can be customised to suit the intellectual abilities of students.

The health sector has gone from stethoscope to augmented reality. Combined with big-data analysis, the health ministry is spoiled for choice in harnessing Industry 4.0 technologies to diagnose and treat diseases.

Sharing public-service data can help the private sector develop applications that can eventually improve services. With such apps, citizens can alert the authorities of impending disasters, traffic congestion and the need for road and street-light maintenance. They can also enhance mobility within cities.

The migration by the public service to Industry 4.0 is incontestable if the public service is to future-proof itself. Such a migration mandates a new mindset and new skills among public servants to enable them to deliver services at the speed and quality expected. The faster the public service cottons to Industry 4.0 the better it is for its continued relevance.

DATUK JOHN ANTONY XAVIER (Ph.D)

Principal Fellow
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
john@ukm.edu.my
03 8921 4793

TAPPING THE UNTAPPED - TACIT KNOWLEDGE IN AN ORGANIZATION

By Syed Uzair Othman



Malaysia's Council of Eminent Persons

“The only sustainable competitive advantage is an organization’s ability to learn faster than the competition.”

— Peter Senge

the author of “The Fifth Discipline: The Art & Practice of The Learning Organization”.

Once, when I was still a bachelor and studying in a faraway land from home, a group of friends decided to visit us for an Eid al-Fitr celebration. My housemate and I have never really cooked for ourselves, much less for others. We bought a box of ready-mix cake and meticulously followed the box-written baking instruction. We mixed the flour and stirred exactly 200 times as per the instruction and placed it in the oven. Sadly, the cake did not rise to the occasion. Alas, the knowledge of baking know-how made explicit did not turn me into a baker. In other words, Chef Wan might codify or make explicit his cooking knowledge with a detailed recipe manual and an instructive video for you to follow, but there would not be another Chef Wan resulting from that explicit knowledge. There is simply no easy way to transfer this type of knowledge into others.

Similarly, when the new government of Pakatan Harapan took over in May 2018, the 92-year-old Prime Minister Dr Mahathir Mohamad moved quickly to meet the high expectation of the voters. His first act

was to appoint the “Council of Eminent Persons” comprising a former finance minister, an ex-central bank governor, a billionaire businessman, a prominent economist and a former chief executive of a state oil company. At the average age of 75 years, this council had more than two centuries of unsurpassed collective knowledge and experience in socio-economic governance. That necessity exemplified that you cannot replace the know-how gained through practice and experience, which is often demonstrated as more of a practical intelligence, with an abstract academic intelligence.

These days, as technology continues to escalate at an exponential rate and employee turnover increases, many forward-thinking companies are doing what they possibly can to codify their internal knowledge to ensure the ongoing transfer and sharing of know-how within their enterprises. While new and specialised knowledge provides a competitive advantage to an organisation, it is also becoming easier to be imitated by competitors due to the

same digital explosion where knowledge is easily shared and available through various digital platforms. This easy access to information encourages business creativity and innovation that turns the sustainable competitive advantage into a transient one.

The transient nature of the competitive environment takes away the organisations' sustaining power to survive over the long term in the face of a myriad of issues and challenges. On the other hand, the development of human capital resources in the last few decades should have resulted in sufficient knowledge, experience, business acumen, intuition, insights, wisdom and specific skill sets relevant and appropriate to any enterprise that can ensure business sustainability. Unfortunately, this critical knowledge resource for sustainable competitive advantage lies more in a non-codified and often personal or experience-based knowledge that is impossible to transfer. This knowledge is known as tacit knowledge.



Michael Polanyi, the chemist-turned-philosopher, was the first who introduced the concept of tacit knowledge in 1958, via his magnum opus, 'Personal Knowledge', that "**we know more than we can tell**". Many researchers later added their takes on the matter by applying the tenets of tacit knowledge to the now growing field of knowledge management. The field of knowledge management is concerned with making it easier for

insights and experiences to be shared within organizations. Whilst their attempts are laudable, the fact remains that the transfer of tacit knowledge is extremely difficult or impossible.

As a result, there is a huge amount of hidden or tacit knowledge built around years of working experience within most organisations that still remains untapped. A lot of tacit knowledge is also lost through staff downsizing, resignation, termination and retirement when the knowledge is not passed on to others. This loss of knowledge creates a gap that is difficult or impossible, not to mention costly and time-consuming, to replace. If an organisation can optimize and leverage this tacit knowledge to create value, the success and long-term sustainability of an organisation can be more assured. In facing today's fast-paced competitive environment, a business organisation needs tacit-knowledge resources that are difficult to copy by competitors in order to enhance its strategic capability and create value for business sustainability.

The conventional approach in seeking knowledge can be as simple as asking someone who knows, reading related publications, or more recently, "Google it". Whatever knowledge is lacking, it is commonly assumed that it is surely codified somewhere and easily transferable. Whilst there are obvious benefits in this codified or explicit knowledge transfer, the approach is inherently insufficient given the fact that there are many more things to learn that are not explicitly available.

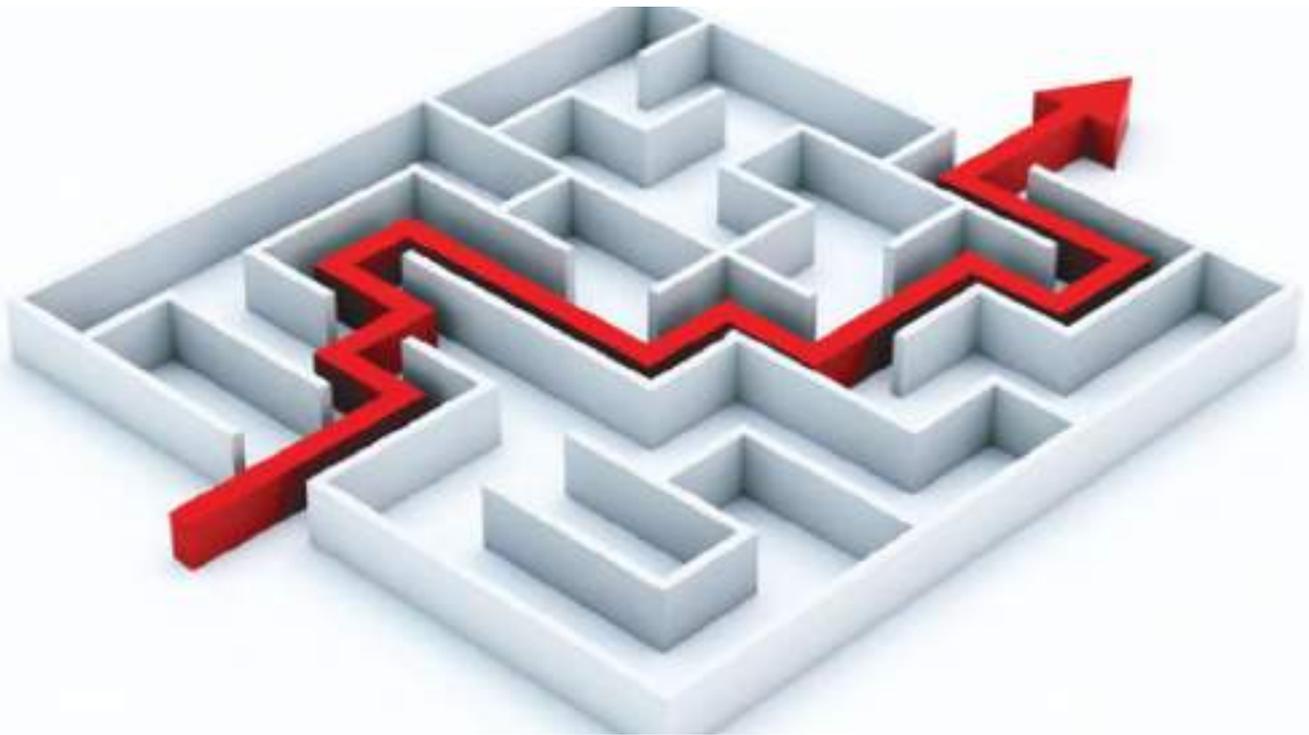
True tacit knowledge cannot be codified and thus, nearly impossible to transfer. Nevertheless, it can be shared through the process of socialisation. Knowledge sharing is achieved by the amount of meaningful communication in the organization beyond the two-dimensional transfer of explicit knowledge. The organisation should put emphasis on a culture of knowledge sharing that embedded insight, acumen and wisdom. Moreover, the capability and willingness of an individual to transfer knowledge influences the effectiveness of knowledge transfer. The common ways of knowledge sharing are coaching, mentoring, community of practice, storytelling and other approaches involving informal conversation and social interactions.

Coaching and mentoring is a good and fast process to transfer tacit knowledge that allows individuals to acquire, the same but not equal, knowledge through guided experience. The tacit knowledge that resides in an expert that often appears in response to a particular action can be shared effectively through the one-on-one relationship of a mentor-mentee who work side by side for a period of time. Community of practice is another socialisation technique that encourages the expert to share his knowledge in the organisation. It is normally formed by practitioners who engage in a process of collective learning within a shared domain of interest and competence. The members build relationships that allow them to learn from each other, share information and engage in joint activities and discussions. Organisational storytelling is also considered an effective way to capture and share tacit knowledge. Stories can transform information into knowledge by providing context to the facts and in turn, becomes more meaningful.

As an intangible asset, tacit knowledge is the intellectual capital unaffected by the law of diminishing returns. Its value increases as more people share it. Its importance in various aspects of business management makes tacit knowledge as the most strategically crucial resource that is renewable and sustainable for an organisation's competitiveness. The rapid pace of development leads to intense competition that pushes firms to look for ways of outperforming their competitors. Hence, the gravity of fostering an organisational culture that facilitates and encourages the creation, sharing, and utilisation of this inimitable knowledge for a more sustainable competitive advantage. In a nutshell, creating a knowledge-sharing culture supports the generation of strategic ideas and contributes to the organisation's capability to face the ever-increasing complex challenges in the future.

SYED UZAIR SYED OTHMAN

Consultant
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
sy.uzair@ukm.edu.my
03 8921 3457



AWARENESS OF 'TEMPORARINESS' AND THE ROLE OF PLANNED CHANGE FOR AN ORGANISATIONAL SURVIVAL

By Mohmad Adnan Alias

Change is coming down like an avalanche, and it is contagious, as a change in one will have some influence on others. It is interesting to associate this with a term that is known as 'temporariness', which explains that everything is in a temporary state. In relating 'temporariness' to change, the continuous need for new products and services as well as the need for products and services improvement have led to a continuous need for change.

In particular, within the context of the business environment, organizations are never completely static. They do not exist in isolation and they are in continuous interaction with external forces including customers, stakeholders, government and suppliers where change is imperative if an organization is to answer their stakeholders' needs and requirements. However, different organizations face different degrees of challenges of the need for change. How they respond to these changes and

their ability to tackle those challenges become a critical factor for their survival within this 'temporariness' era. Hence, awareness of changes and knowing how to respond to those changes require managers to learn, acquire and develop the right competencies. Addressing the issues of how to create awareness for the need of change and the need for planned change become essential for organizational survival.

By highlighting these issues, it hopefully will create sensitivity and awareness in the management so as to take action in order to equip them with the knowledge and to keep them abreast with changes that they are currently faced and in the near future. As an analogy, management needs to have and develop a kind of sensitivity like a virus scan in computers, which enables them to detect the different types of challenges and to be ready to handle those challenges with relevant knowledge, skills and right attitudes to change.

Many studies have been conducted to look at how the different organizations responded to change and the consequences of the changes to organizations. Findings of the studies revealed that companies that have awareness for the need of change and planned for it, showed a positive contribution to the organization's success than companies that failed to respond to these changes and were not innovative.

Many examples abound to illustrate the failure of companies that failed to respond to the need for change and innovation. The following descriptions are about three well-known companies, which unfortunately failed to win the game-changing revolutions:

- Kodak, for example, failed to lead the digital photography revolution even though it was a technology company that dominated the photographic film market in the 20th Century. The reason is because its leaders failed to see digital photography as a disruptive technology. They were so focused on the film market, which was very successful at that time, that they missed the chance to embark on the digital revolution.
- During the early phase of the cellular network, Nokia became the global leader in mobile phones. With the arrival of the Internet, the landscape of future communications changed from voice to data. Although other mobile companies started to work in this new direction, Nokia decided to remain unchanged due to its fear of alienating its current users. Hence, Nokia did not want to lead the drastic change in user experience. It also overestimated the strength of its brand. It believed that it could enter the new market later but it was too late when Steve Jobs launched a phone without a keyboard in 2007. Even competing with Android was also a failure due to the late entry.
- With the emergence of the Internet, Yahoo became the main player in the online-advertising market. Its focus was mainly in becoming a media giant, and thus, it placed little importance on consumer trends that pointed to the importance of search. Although it gained a massive number of viewers to view content, it failed to improve user experience, and consequently, it failed to make enough profit to scale its operations. Yahoo's fear of taking risk also led it to miss several opportunities. For example, in 2002 they almost had a deal to buy Google, but the CEO of Yahoo refused to go through with it. Similarly, Yahoo had a deal to buy Facebook in 2006, but Mark Zuckerberg backed out when Yahoo lowered their offer.

Many successful companies believed that changing and continuous innovating are their secrets to an everlasting success. Even though this mindset may put a company at risk of failure, refusing to evolve with the market can be even more devastating. The following information of some successful companies in making changes and innovation are instructive:

- Google was once an unprofitable company with no business model. Google radically changed its course after making a marginal profit in selling search appliances to businesses and its own search technology to other search engines. In 2003, the company launched its AdWords programme, which allowed businesses to advertise to people searching for things on Google.com. This programme contributed significantly to Google's total revenue and profits, whereby Google reported that it generated \$21 billion in advertising-driven revenue alone in 2008. Interestingly, this once unprofitable company now paves way for other search engines, such as Yahoo's Search Marketing service and MSN's Bing platform.

- Facebook is a well-known social media for many users across ages. Initially, it was used by college students only. Unlike Friendster and MySpace, Facebook operated exclusively by requiring e-mail addresses of its users in order to join. Unfortunately, it would not be able to expand if it were to cater to college students only. Therefore, Facebook founder Mark Zuckerberg decided to open Facebook to high-school students in 2005 despite the protest and uproar by existing users. A year later, it opened up its service to users of 13 years or older with a valid e-mail address. This strategy worked well and by 2009, Facebook became the most popular social network in terms of unique views and monthly visits.

- Apple found itself struggling from 1993 to 1997. Inability to find a consistently profitable source of revenue, failure to identify products to market and having internal squabbles were some of the problems it encountered. In 1997, Steve Jobs returned as CEO and took a bold step to change Apple's direction. Apple started to focus on creating beautiful consumer electronics. It began with the introduction of iMac in 1998, and then followed it up by iPod and iPhone. This drastic change in business models has produced great success for Apple. According to BBC, iPod had sold over 100 million units within six years after it was launched in 2001. Similarly, CNNMoney reported that iPhone recently produced a 100% year-over-year rise in sales. None of these would have been possible without a drastic change in business models.

Hence, from the above, it can be learned that the readiness to change and readiness to take the risk, to venture into new product innovation and with the support of right knowledge and strategy could be the secret to help organizations survive and sustain in a competitive business environment. All organizations should, to some degree, develop this capability in order to survive and be competitive.

MOHMAD ADNAN ALIAS (Ph.D)

Senior Lecturer
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
nan10@ukm.edu.my
03 8921 3392

CAN MALAYSIA ATTRACT MORE TOURISTS FROM CHINA?

By Long Fei

No matter if you are in Western Europe, North America, or Southeast Asia, probably you will find yourself being surrounded by a swarm of Chinese tourists. It seems that Chinese tourists are everywhere; however, their zeal for travelling has just begun. According to statistics from the China National Tourism Administration (CNTA), the number of China outbound trips had reached 131 million in 2017, which saw a rough 7.4% increase from 122 million trips in 2016. In addition, the World Tourism Organization (UNWTO) reveals that Chinese tourists exhibit stronger purchasing power, leading global outbound tourism with expenditures of 257.7 billion USD in 2017. That is almost as much as twice of what their American counterparts spent during the same period. Without a doubt, China is the largest source market for the international tourism market.

In the face of such an enormous and lucrative market, more and more countries, including Malaysia, are joining the competition for attracting Chinese tourists. As a matter of fact, Malaysia was one of the first international destinations approved by the Chinese government. In October 1990, CNTA issued *Provisional Measures Concerning the Administration of Arranging Chinese Citizens to Three Southeast Asian Countries*, allowing Chinese citizens to visit Malaysia, Singapore and Thailand for the purpose of family reunions. Seven years later, CNTA and the Ministry of Public Security jointly issued *Provisional Measures Concerning the Administration of Outbound Travel of Chinese Citizens at Their Own Expense*, which officially lifted restrictions on outbound travel.

As one of the most popular destinations, Malaysia has received 2.28 million arrivals from China in 2017, making China its third largest source market following Singapore and Indonesia. Since a large number of Singaporeans usually visit Malaysia on day trips, arguably China would be at least the 2nd largest source market for Malaysia when considering the number of overnight tourists. Furthermore, the Malaysian government has taken initiatives to expand the market, wishing to attract at least 3 million inbound tourists from China this year. During the recent visit by Malaysian Prime Minister Mahathir Mohamad to China, both governments also agreed to designate 2020 as China-Malaysia Cultural Tourism year.

Nevertheless, Malaysia is losing its competitiveness against other ASEAN countries in the last few years. In 2017, the top

5 popular international destinations for Chinese tourists were Thailand, Japan, Singapore, Vietnam and Indonesia respectively. More surprisingly, the number of tourists from China to Malaysia plunged over 30 per cent during China's recent "Golden Week" (National Day holidays) compared with the same period in 2017; meanwhile, China's outbound tourism market is still growing.

Does the Malaysian tourism authority really understand tourists from China? When asked about Malaysia's advantages to win over Chinese tourists, policymakers and even practitioners often respond with a plausible answer that there is a large local Chinese community, and the language barrier is not an issue for tourists from China visiting Malaysia. Nonetheless, it is noted that there are not enough qualified Mandarin-speaking professionals working in tourism-related fields. According to statistics from the Ministry of Tourism Malaysia, there are over 5,000 licensed Mandarin-speaking tourist guides, but only about 4,000 of them are still active in the industry. Ms Mint Leong, Deputy President of Malaysian Inbound Tourism Association (MITA), pointed out that the number is not enough for tourists from China.

Besides a shortage of Mandarin-speaking professionals, some policymakers and practitioners alike automatically assume that Chinese Mandarin and Malaysian Mandarin are exactly the same. In a private conversation, Datuk Goh Hin San, Chairman of Malaysia Han Culture Centre, mentioned that local Mandarin-speaking tour guides need more language training to ensure local tour guides speak in a way that tourists from China can easily understand. Do you expect an American and an Australian to perfectly understand each other's colloquial speech when they communicate? In a word, a large local Chinese community does not necessarily lead to a sufficient supply of qualified Mandarin-speaking tourism staff. Therefore, it is a question of how to transform Malaysia's inherent language advantage to a strong competitiveness regarding China's outbound tourism market.

Language matters, but it is not a central factor influencing Chinese tourists on where to visit. If you look back on the top 5 overseas destinations in 2017, neither Mandarin nor English are widely used for daily life in those countries except Singapore. Especially, with the development of artificial intelligence (AI), translation is only a click away. At least, industry leaders and language scholars from China agree that AI is good at handling simple translation



tasks, and eventually AI will replace humans when it comes to translating in common situations. iFlytek, a Chinese information technology company focusing on voice recognition software, launched a new version of a portable translation device six months ago which supports the simultaneous translation of 33 languages, including Bahasa Malaysia.

With regard to consumer behavior, it is universally accepted that addressing customers' needs is a vital foundation for a successful marketing strategy. Before satisfying Chinese tourists' needs, you have to know what they need. According to a recent survey on outbound Chinese tourists conducted by Nielson, the uniqueness of experience is the most important issue when they consider international travel destination.

"Malaysia, Truly Asia" reflects the essence of the country's unique diversity in culture, but seems to be a mere slogan without appropriate adjustment to a specific market and an exact plan of implementation. Malaysian tourism authorities sometimes fall into a logical fallacy that tourists from China will be visiting the country because of a similar Chinese culture here, whereas it is contrary to the fact that Chinese tourists attach much importance to the uniqueness of experience. If emphasizing Chinese culture in Malaysia would not sound attractive to potential tourists from China, then what about more promotion of Malay and Indian cultures? Unfortunately, it is very difficult to find a place performing Malay or Indian dances on a regular basis. Even if you go to Kelantan and Terengganu, you cannot watch *Mak Yong* or *Ulek Mayang* performances at a public setting. Thus, Chinese tourists may perceive their trip to Malaysia as a service failure as they do not receive unique experiences indicated by the "Truly Asia" slogan.

On the other hand, Indonesia excels in delivering true Indonesian experiences to international visitors as its tourism slogan is "Wonderful Indonesia". For example, there are daily shows for *Barong*, *Kecak* and *Legong* dances on Bali Island. It partially explains why the number of inbound Chinese tourists to Indonesia has grown at an exponential rate in the past few years, especially after Indonesia decided to waive visa for tourists from China in 2016. Then, China quickly became Indonesia's No.1 source market, accounting for about 15% of total inbound tourist arrivals in 2017. It is highly possible that more Chinese tourists will visit Indonesia than Malaysia this year with Indonesia's ambitious plan to receive at least 5 million visitors from China by 2020.

Another challenge for Malaysia is identifying potential Chinese tourists and targeting them through marketing activities. In fact, Tourism Malaysia has been actively promoting Malaysia by participating in travel fairs and organizing roadshows in major cities in China, yet it mainly focuses on Tier 1 cities (Beijing, Shanghai, Guangzhou and Shenzhen). Although residents of these cities have more disposable income beyond all doubt, recent business reports and academic studies all suggest that people from Tier 2 or 3 cities (e.g. Chengdu, Hangzhou, Wuhan and Xi'an) exhibit a higher level of intention to travel abroad, and they are also more likely to spend more on shopping. It is probably because of the fast pace of life and prohibitive property price in Tier 1 cities, whereas residents from lower-tier cities generally have more free time and less financial stress that comes from higher housing costs. Therefore, policymakers and practitioners of Malaysia should adjust their current marketing strategies by targeting potential tourists to Malaysia from lower-tier cities.

"Know the enemy and know yourself, and you can fight a hundred battles with no danger of defeat.", which is a famous quote from *The Art of War* by Sun Tzu. In the context of tourism, it is also true that you have to know the distinctive characteristics of Chinese tourists and your own situation before you can devise a feasible and effective marketing strategy. In addition, Malaysia has to pay careful attention to tourism policies and measures being implemented by other countries amid increasing international competition for Chinese tourists.

Malaysia may not understand tourists from China as much as it may think, resulting in a misalignment between what Chinese tourists value and what Malaysia currently offers. Indeed, Malaysia has all the right ingredients to be a significant and successful player in China's outbound travel market but policymakers, tourism practitioners and scholars need to conduct more research on tourists from China for a better understanding of their travel behaviors.

LONG FEI

Doctoral Candidate
UKM-Graduate School of Business
Universiti Kebangsaan Malaysia
longfei5202005@hotmail.com
03 8921 4485

ENSURING “1MDBs” NEVER HAPPEN AGAIN

By P Gunasegaram

Now that we have finally got rid of a kleptocratic government we should think about what needs to be done to ensure that something like 1MDB never happens again. That question is deeper than it seems and the answer lies both in enforcing laws that we have and throwing out other legislation so that there will always be room for legitimate debate and discourse as well as openness and transparency in all aspects of government operations.

Also, there is a need to ensure the independence of all investigating, prosecuting and judicial authorities through appropriate legislation and clearly spelt out governance measures so that the government cannot shut down investigations by making changes to appointments and get its own desired results.

That is the only way to ensure that the public is suddenly not taken by surprise when it turns out that the government had done something bad against the nation and public at large, doing this quietly and using secrecy laws and the government machinery available to hide what was happening.

Why is it there seems to be a sudden reluctance in the new government to do so, in direct contradiction to what was promised in the manifesto?

Why do things like 1MDB happen? The simple answer to that is: Too much of power concentrated in the hands of the Prime Minister/ Finance Minister. This is a legacy issue starting from May 13, 1969, racial riots following which the government obtained dictatorial powers through various legislation which included repeated changes to the original constitution over a period of time.

The checks and balances within Umno to remove a prime minister disappeared post-1987 after Tengku Razaleigh and Musa Hitam challenged Dr Mahathir Mohamad and Ghafar Baba for UMNO leadership and failed. The new UMNO formed by then (and now again) prime minister Mahathir made it virtually impossible to remove a sitting UMNO president and therefore the PM.

Also, the PM has substantial powers under the law which former prime minister Najib Razak further strengthened through the introduction of more draconian legislation which remains in the statute books to date.

That is why Najib could appoint himself as finance minister and because of that through the Finance Minister Inc. completely control 1MDB using the executives and others, and remove auditors who flagged dangers.

Transformation programmes for government-linked companies were not imposed at all for 1MDB. Eventually, erosion of all governance measures as well as investigative, prosecution and judicial mechanisms, amongst others and the control of these by the PM made kleptocracy - theft of public money by the government - an easy matter to execute.

Najib, with all the powers he had, could still have suppressed investigation and prosecution with respect to 1MDB if he had won power.

Ensuring 1MDB never happens again

Following from this it is clear that two things are vital - first follow the law closely to prosecute all offences without favour or exception. Second, junk those laws which suppress free debate and discussion on issues and put in new laws which force the government to disclose all important information to the public except those which are vital for national security in terms of defending the country from external threats.

We have to remove despotic laws and institute laws which make it impossible for leaders to become despotic. The pace of reform by the Harapan government, especially with respect to legislative changes it had promised, should be hastened. The laws that are still in the statute books can allow an incumbent prime minister to become autocratic.

Remember that the auditor general was investigating 1MDB in 2015. If Najib had not used the Official Secrets Act (OSA) to classify the subsequent report as a secret, the story of 1MDB would have come out earlier and would have shown beyond any doubt that 1MDB was missing as much as US\$7 billion. That may have resulted in Najib's removal at least two years before GE15 and prevented the deleterious effects of using overpriced contracts to fill the hole in 1MDB.



UKM-GSB LEADERSHIP TALK SERIES
**LEADERSHIP FOR GOVERNANCE &
STRATEGIC DECISION MAKING**

**MISAPPROPRIATION OR
MISMANAGEMENT :
THE CURIOUS CASE OF 1MDB**

FRIDAY, 16 NOVEMBER 2018

**2ND FLOOR ROTUNDA,
UKM-GRADUATE SCHOOL OF BUSINESS, BANGI**



It is also bewildering why the PwC situation audit on 1MDB began on May 23, two weeks after the May 9 elections, has still not been released, four months later. We are to understand that the report has already been given to finance minister Lim Guan Eng well over a month ago on Aug 6.

We consider that an early release of the report will put the government in a better light and ensure greater transparency. The public has a right to know how big the hole is in 1MDB. Disturbingly, Tun Dr Mahathir now says there are no plans to dismantle the OSA and advised the public to elect people who will follow the law.

Without a legislative change to limit the powers of the prime minister, 1MDB can happen again. Prime ministerial prerogative needs to be curtailed by greater consensus and openness in decision making - this is part of Pakatan Harapan's promise in the overall manifesto. It should make good on this promise.

The public needs to continue to demand that all repressive laws be removed from the statute books as promised and to introduce new legislation that will forever guarantee the independence of investigating authorities, the Attorney General's Chambers and the judiciary.

That is the starting point of the reform process and it will ensure that the process cannot be hijacked by anyone else in future.

(This article is adapted from P Gunasegaram's address at the public launch of his book, 1MDB: The Scandal that Brought Down a Government held on Sept 29. It first appeared in news website Malaysiakini on Oct 4, 2018.)

P GUNASEGARAM
Independent Writer, Consultant, and Trainer
t.p.guna@gmail.com

ASSURANCE OF SHARIAH COMPLIANCE: IS IT ONLY FOR ISLAMIC FINANCIAL PRODUCTS?

By Nur Laili Ab Ghani



Recent economic development has shown the discovery of many corporate governance issues in financial institutions. Corporate governance issues such as corruption, money laundering, misstatement of accounts and lack of transparency in financial reporting disclosure have slightly affected the confidence of stakeholders towards overall operation in financial institutions. More than that, corporate governance issues have also affected the economic development in the country as a whole. Thus, auditing and assurance services with the highest form of integrity are crucial to ensure that operations and activities in the financial institutions comply with the rules and regulations. Not only financial institutions, but the assurance of Shariah compliance also seems to be a lot more critical in Islamic financial institutions. The public may have seen that assurance of Shariah compliance is achieved in Islamic financial products and services offered in Islamic financial institutions. In current practices, is it adequate for Islamic financial institutions to only focus on the assurance of Shariah compliance in Islamic financial products?

At one side, this is true. The main objective of Islamic financial institutions is to offer Shariah-compliant financial products and services to the customers as alternatives to conventional

financial products. Islamic financial products do require detailed process and procedures which must not contradict with the Shariah principles. Otherwise, stakeholders such as consumers and investors are not confident to participate in Islamic financial products and services. Since the year 2010, Bank Negara Malaysia has established a dedicated Shariah Governance Framework for Islamic Financial Institutions. Stringent regulation has also been imposed on the Islamic financial institutions through the Islamic Financial Services Act 2013.

For the past eight years, Islamic financial institutions are mandated by Bank Negara Malaysia to operate based on the Shariah Governance Framework. Islamic financial institutions have moved one step forward to establish dedicated Shariah compliance function to ensure Shariah compliant procedures in Islamic financial products. Shariah compliance functions are established in the form of Shariah review, Shariah audit, Shariah risk management and Shariah research functions. These functions are currently monitored and overseen by the Shariah Committee Members and Board of Directors in the respective Islamic financial institutions.

Shariah review function is accountable to perform a regular assessment that Islamic financial operations including the product development process comply with the Shariah principles. Shariah risk management function conducts the Shariah risk management process to mitigate Shariah non-compliance risks. The Shariah risk management function implements the process of identifying, measuring, controlling and monitoring the Shariah non-compliance risks in Islamic financial institutions. Meanwhile, Shariah research functions perform a detailed study on the Shariah issues in Islamic financial operations occur in the respective Islamic financial institutions. As one of the final gatekeeper, Shariah audit function performs the periodical assessment to provide reasonable assurance that Islamic financial operations and activities are Shariah compliant. Finally, the Shariah compliance findings are communicated to the Shariah Committee members and to the Board of Directors through the Board Audit Committee. It is the ultimate responsibility and accountability for the Board of Directors to ensure the inclusive establishment of Shariah governance framework and Shariah compliance in Islamic financial institutions.

Again, few questions may come to our mind. Is it adequate for Islamic financial institutions to only focus on the assurance of Shariah compliance in Islamic financial products? It is true that Islamic financial institutions have established Shariah-compliant processes and procedures to develop Islamic financial products and services. Detailed research is conducted to develop a new form of Islamic financial products that can satisfy the demand by customers. The comprehensive product development process is also established to ensure that the Islamic financial products are developed in accordance with the Shariah principles. The product development process includes proper structuring of the Islamic financial contracts, application of appropriate Shariah concepts, ensure true representation of Islamic financial products at issuance and offerings until the transactions have been made with the customers. In this respect, the Shariah compliance functions and Shariah Committee members are responsible to ensure that the pre-pro-product approval and post-product approval process are carried out in accordance with the Shariah principles. The main aim is to ensure that the issuance of Islamic financial products does not include any Shariah non-compliant matters.

Recently, the number of Islamic financial products have increased tremendously given the positive development of the Islamic financial market in Malaysia. Islamic financial institutions can expect more customers and investors to participate in Islamic financial products and services. The significant development of Islamic financial products and services shows the increasing level of confidence among stakeholders that Islamic financial operations are Shariah compliant.

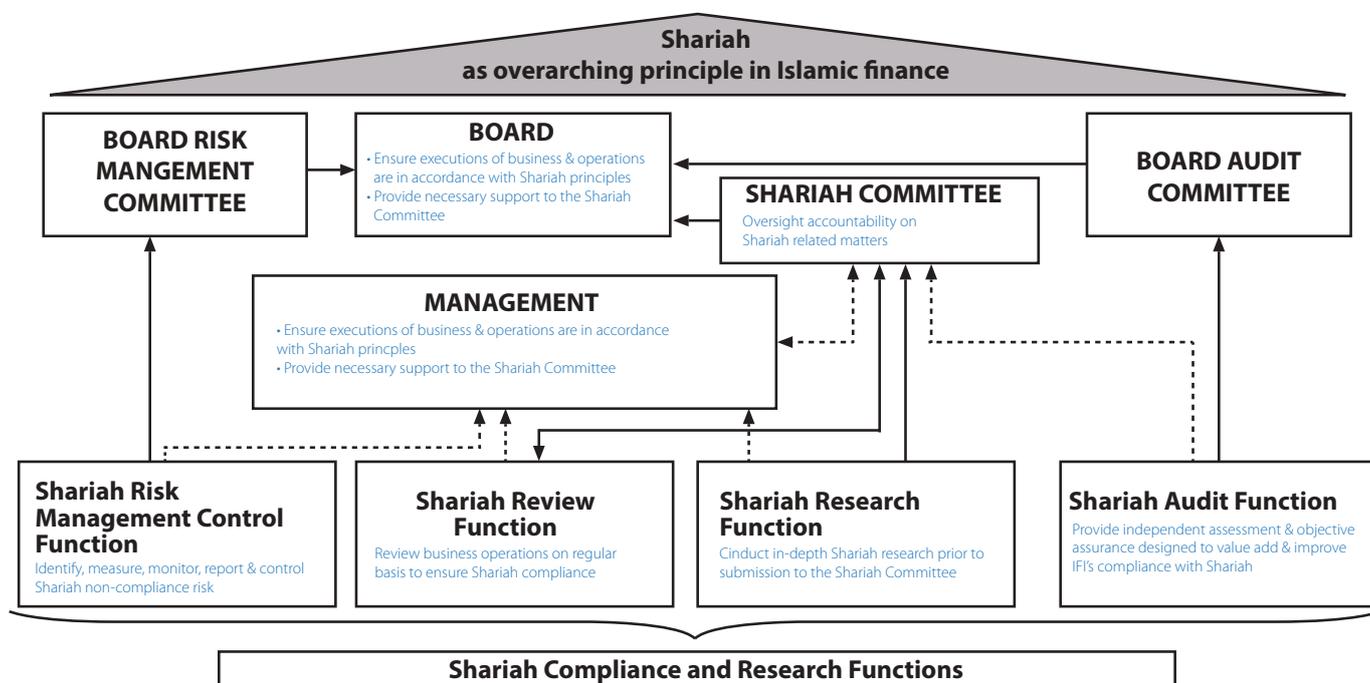
Stakeholders can see that Islamic financial institutions have demonstrated good practices to ensure that their Islamic financial products are Shariah-compliant. In this respect, the Shariah audit function in the respective Islamic financial institution has provided the reasonable assurance of Shariah compliance in these Islamic financial products. However, it is also important for the Islamic financial institutions to ensure Shariah compliance in other areas within the institutions. This includes human resource policy, information technology application system and Shariah compliance culture at all level of the Islamic financial institutions.

An Islamic financial institution may have offered Shariah-compliant Islamic financial products and services. But Islamic financial institution may face reputational risks if the institution does not establish a Shariah-compliant human resources policy. The policy includes competent staff to execute and manage Islamic financial operations. Apart from that, effective training for employees is essential to provide a broad understanding of Islamic financial products and procedures. Without adequate competency in Islamic financial operations especially among the frontliners such as the marketing personnel, customers may not receive the right explanation and clarification on the particular Islamic financial contracts. As a consequence, customers may not understand the true procedures behind the Islamic financial contracts which are different from the conventional financial products. The human resource policy can also include a decent dress code for employees to portray the image of an Islamic financial institution. Thus, it is not sufficient for Islamic financial institutions to only focus on the assurance of Shariah compliance in Islamic financial products but the human resource policy still includes other Shariah non-compliance matters conducted by the misbehaving and unreliable employees.

In addition, Islamic financial institutions also need to establish a dedicated Shariah-compliant information technology application system. The information technology application system being used to deal with Islamic financial products and procedures must not include any Shariah non-compliant elements. The systems include the transaction processing systems, accounting information system including the financing and remittance system adopted by the Islamic financial institutions. The full-fledged Islamic financial institutions may have a higher capacity to establish a Shariah-compliant information technology application system as they operate fully on Islamic financial operations. However, some challenges will be faced by the Islamic subsidiaries and Islamic windows in conventional banks which normally share the application system with the operation of conventional financial products. Thus, Islamic financial operations are at risk of having Shariah non-compliance matters when the operations are executed using the shared information technology application system with the Group conventional banks.

Likewise, it is also crucial for the Islamic financial institution to establish the Shariah compliance culture at all levels. The Islamic financial practitioners may have complied with the structured process and procedures to offer Islamic financial products to the customers. But they may not feel the urgency to understand the true spirit behind participating in Islamic financial operations. Every level in Islamic financial institutions needs to understand accountability as a Muslim to contribute towards the development of Islamic financial products and services. The holistic culture of Shariah compliance needs to be established within the Islamic financial institutions. With these understanding and good Shariah compliance culture, Islamic financial practitioners can help to enhance customers and stakeholders awareness to participate in Islamic financial products and services.

Therefore, assurance of Shariah compliance is not only crucial in Islamic financial products and services. Moving forward, assurance of Shariah compliance is also vital to be achieved in human resource policy, information technology application system and Shariah compliance culture within the Islamic financial institutions. Otherwise, Islamic financial institutions will face reputational risk and Shariah non-compliance risk given the absence of Shariah compliance assurance in these elements. Islamic financial institutions must enhance the confidence of stakeholders towards Shariah-compliant Islamic financial operations and the integrity of Islamic financial institutions as a whole.



Source: Bank Negara Malaysia (Shariah Governance Framework 2010)

NUR LAILI AB GHANI

Lecturer
 UKM-Graduate School of Business
 Universiti Kebangsaan Malaysia
 nurlaili@ukm.edu.my
 03 8921 4955

UKM-GSB CITY CAMPUS — A TRAINING FACILITY FOR PROFESSIONALS

If you're looking for an event space for your corporate functions, we are excited to share a newly launched space by Malaysia's very own university, Universiti Kebangsaan Malaysia (UKM)! This beautiful and new-fangled venue which is known as Graduate School of Business City Campus (GSBCC) will give you everything you need specifically for corporate events.

Please contact **Safwan Asraff** today at **+60176786294** or email to **safwan.asraff@ukm.edu.my** and drop us a request! Also, drop us a comment if you think there are event spaces or venues that we should know about.





UNIVERSITI KEBANGSAAN MALAYSIA
The National University of Malaysia

+6 03 8921 4718/4486 admission_gsb@ukm.edu.my <http://gsb.ukm.my/> www.facebook.com/gsbukm
UKM-Graduate School of Business, Universiti Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia