

PENGESAHAN PENYELIA

‘Saya/Kami* akui bahawa telah membaca karya ini dan pada pandangan saya/kami* karya ini adalah memadai dari segi skop dan kualiti untuk tujuan penganugerahan Ijazah Sarjana Muda Pengurusan Teknologi (Inovasi Teknologi)’

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MALAYSIAN FOOD MANUFACTURING STRATEGY IN ACHIEVING
SUSTAINABLE PERFORMANCE: A CASE OF JALEN SDN.BHD

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PENGAKUAN

“Saya akui laporan ini adalah hasil kerja saya sendiri kecuali ringkasan dan petikan yang tiap-tiap satunya saya telah jelaskan sumbernya”

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DEDICATION

This Research Paper is lovingly dedicated to my respective parents who have been my constant source of inspiration. They have given me the drive and discipline to tackle any task with enthusiasm and determination. Without their love and support this project would not have been made possible.

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Abstrak

Kekerapan perubahan didalam teknologi dan kejatuhan ekonomi pada 1998 telah menyebabkan organisasi lebih bersedia untuk menghadapi halangan. Strategi organisasi merupakan salah satu jentera yang amat penting untuk organisasi menjadi lebih cekap dalam mencapai prestasi yang tinggi. Kajian ini akan dilaksanakan di Jalen.Sdn.Bhd untuk menyiasat strategi pembuatan didalam mencapai prestasi yang mampan melalui Dasar Ekonomi Baru. Kajian ini akan dijalankan melalui kaedah kualitatif melalui temuduga dengan pihak atasan untuk mendapat maklumat yang lebih banyak dan jelas tentang strategi pembuatan. Kajian ini bertujuan untuk menganalisis elemen strategi pembuatan dan hubungan dengan prestasi mampan,juga kesan strategi pembuatan kepada firma seperti pemasaran dan keuntungan. Had kajian ini adalah hanya memberi tumpuan kepada Jalen Sdn.Bhd untuk mewakili industri makanan sebagai salah satu Syarikat SME. Hasil kajian ini juga membantu organisasi untuk membangunkan strategi yang berkesan dalam mengekalkan dan meningkatkan prestasi mereka ke arah global.

Abstract

Rapid changing in the technology and economic down turn on 1998 forced companies to be more prepared to overcome this obstacle. Organizational strategies are one of the important engines for organizations to be more efficient in achieving high performance. This study will be conducted on Jalen Sdn. Bhd to investigate the manufacturing strategies in achieve sustainable performance through Malaysia's new economic model. This research will be conducted by using qualitative method by several interviews with top management for gain further explanation about the manufacturing strategies. This study aims to analyze the elements of manufacturing strategies and relationship to sustainable performance, also impact manufacturing strategies to the firm such as market share, and revenue. The limitation of this study is it only focuses on Jalen Sdn.Bhd to represent the food industry as one of the SME's Company. The results of this study well facilitate organizations to develop effective strategies in maintaining and enhancing their performance towards globally.

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LIST OF SYMBOL

R&D	Research and Development
NEM	New Economic Model
ETP	Economic Transformation Program
SME	Small Medium Enterprise
MIDA	Malaysian Investment Development Authority
MITI	Ministry of International Trade and Industry
NKEAs	National Key Economic Areas
PLC	Product Life Cycle
AFC	Asian Financial Crisis
KFC	Kentucky Fried Chicken
ASEAN	South East Asian Nation

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CHAPTER 1

Introduction

1.1 Background of Introduction

Manufacturing strategies one of the method to organizational keep sustain the performance, it can be perform by improve or develop new manufacturing technology, double up to build innovation and integrate or gaining the capabilities of human capital. Technological advancement becomes an integral part of Malaysian growth as an industrialized nation. By used the New Economic Model (NEM) through Economic Transformation programme (ETP) is enable to organizational sustain their performance. The Economic Transformation Program focuses on 12 National Key Economic Areas (NKEAs). It relies heavily on private sector for led growth, specific investment and policy actions and has a clear transparent implementation roadmap with strong performance management. The strong economic performance can help improve the quality of life for Malaysian, high income economy and achieve mission 2020 by ramp up the manufacturing strategies in organizational. Malaysian high income status will be achieved through the up-scaling of high-tech industry and encouraging manufactures to produce high value-added product (innovation)

Technology has a vital role to play in any modern workplace and can make a huge difference to the way your business operates. According to (Juhaini Jabar, 2011) state: The transformation of technology and innovation affect global industry greatly. The key performance for sustain is by innovation. Based on my view, innovation are the new ideas or method that can improve the process or rise up the profit in the same time the organizational can deliver a great good and service to customer. Furthermore, Core competencies to sustain the performance are by boost up more innovation in product and services. In New Economic Model in 2010 shown

that key initiatives to sustain the performance the organizational should meet current needs whilst bearing in mind future generation by leverage on comparative advantage for high value added products and services. The organizational performance is included the productivity as well a quality, consistency and other. The manufacturing strategies can fully utilize to sustain the organizational performance by gain more profit, increase productivity and market share

1.2 Problem statement

Malaysian economic engine is slowing, since the economic downturn in 1997-1998 cause of Asian Financial crisis. According to (NEM Report, 2010) state that Malaysia's place within the Global Competitiveness Index dropped to 24th in the 2010 report from 21st previously, indicating that the country is losing its attractiveness as an investment destination. The lack of researcher and R&D result in a lack of innovation in the industrial and export sector, sector in which an unrelenting search for higher value added product and process and the capacity for their commercialisation are essential to global competitiveness (National Economic Advisory Council, 2011) Currently economic in that time totally decline and the productivity of industrial is growing but slowly, the reason is:

- Lacking of formal strategies to sustain the performance locally and globally such as less skill of labour, and lack of innovation knowledge or minus of researcher to do research and development (R&D)

To act effectively, Malaysian government has introduced New Economic Model (NEM) to encouragement high income economy. According to (British Food Journal, 2006) state, special interest group and government can give greater action to environmental standards. That statement declares the government should interrupt as interparty and its support the New Economic Model introduce by government. The manufacture should understand and clear about manufacturing strategies that need to establish in gaining sustainable performance, organizational profit also high income economy. In order to sustain the organizational performance and produce the world class product.

1.3 Objectives

To organizational sustain the performance in manufacture industry, below the list of research objectives need to explore:

1. To investigate the manufacturing strategies for a company to sustain their performance.
2. To study the relationship of manufacturing strategy with sustainable performance in food industry.
3. To analyze the impacts of manufacturing strategies to organizational performance.

1.4 Research Question

The objective of the research is to empirically examine the manufacturing strategies to sustain the performance in Malaysian food industry and the relationship between New Economic Model with manufacturing strategies also the impact to organizational performance. The research objective are what are the factors lead to sustainable manufacturing performance .Based on a preliminary, there 3 following sub research question related with the research objectives:

1. What are the current manufacturing strategies are used in the firm?
2. How does manufacturing strategy relate to sustainable performance?
3. What are the impacts of manufacturing strategies towards organizational performance?

1.5 Scope and Limitation

The area of study focuses on a great depths of manufacturing strategies apply in organizational , relationship of manufacturing strategy with sustainable performance and impact of manufacturing strategies .However, limitations of this study it is, firstly this case only focuses on Jalen Sdn.Bhd to represent one of the SMEs company in food industry at Malaysian. Secondly, the main of study is only covered on manufacturing strategies focus on innovation, the relationship for achieve sustainable performance and the impact of manufacturing strategy to organizational performance.

1.6 Summary

Toward manufacturing strategies become significant for all organizational strongholds in the industry. Besides that, innovation is integral part for every each organizational to changing the strategies in the market by produce the variety if the product and service or improve the management process in organizational. In addition, manufacturing strategies certainly able enlarge the profit, market share and productivity of human and product for achieving high income economy. In addition the new technology and new innovation might be flexible ways to working by reduce the cost and time also boost up organizational business development.

CHAPTER 2

Literature Review

2.1 Introduction

The purpose of literature review is the process of reading, analysing, evaluating and summarizing materials about this research topic. The literature review can be used as a guideline in order to develop clear theoretical in achieve research objective and fulfil the hypothesis. In this chapter every part of important key mechanism will be analysis to extract all information to give a better result such as food industries, innovation, sustainable performance, and New Economic Model, revenue and market share.

2.2 Food Industries

Malaysia's food industry one of the part Malaysian income. The food industry is a complex global collective of diverse businesses that supply much of the food energy consumed by the world population (http://en.wikipedia.org/food_industry). This research will focus on the food processing industry for producing ketchup from soy at Jalen.Sdn.Bhd. Malaysian food industry is a diverse as the multi-cultures of Malaysia, with a wide range of processed food with Asian tastes. Based on MIDA state Malaysia remains a net importer of food in 2011 (RM34.5 billion), major food imports were cereals and cereal preparations (RM7.2 billion), vegetables and fruits (RM4.2 billion), cocoa (RM3.6 billion), sugar and sugar confectionery (RM3.4 billion) and animal feed (RM2.8 billion) (<http://www.mida.gov.my>). The food industries is the main needs of

human life, industries should prepare and produce a variety of food in order to fulfill customer needs.

Some of report also states the food-processing sector accounts for about 10% of Malaysia's manufacturing output. Processed foods are exported to more than 200 countries, with an annual export value of more than RM11 billion (USD4 billion) which amounts to two-thirds of the total food exports of over RM18 billion (Food Industry Division, 2011). The country has seen a steady increase in the standard of living and with it, its purchasing power (per capita income exceeds RM22, 000 or USD7, 000) (Food Industry Division, 2011). Lifestyle changes have led to an increase in the demand for convenience food and health foods.

2.3 Manufacturing Strategies

Business strategy and manufacturing strategies are link together to establish the organizational performance. According to (Skinner, 1978) state The first element is a statement of "what the manufacturing function must accomplish, This statement, commonly referred to as the "manufacturing task," is defined in terms of the capabilities the manufacturing unit must have in order for the firm to compete given its overall business and marketing strategy This statement shown the manufacturing strategy and business strategy was the key point to sustain the performance and achieve high income economy.

Innovation is a process that is self-sustaining – it pushes entrepreneurs and investors to maintain their leadership position in the market and thus sustains output growth, further contributing to Malaysia’s high income goal (National Economic Advisory Council, 2011) .According to (Millet and Roth, 2008) state three distinct types of manufacturers can be identified by the importance they place on competitive capabilities: caretakers, marketers, and innovators. The Figure 2.3 shown, the manufacturing strategies need to analyse for this research. These researches only focus on Innovation application in organizational.



Figure 2.3: Focus of manufacturing strategy

2.3.1 Innovation

The innovation is the main element for every cross business to enhance their performance especially to gaining the profit. **KUALA LUMPUR (Oct 22, 2012) state** we need robust technological innovations to revolutionise current agriculture to meet food self-sufficiency (<http://www.thesundaily.my/news/>). Above statement radically to acquire changes in technique for high up the performance through the innovation strategy and its can relate and apply to food processing. According to (Rajneesh Narula, 2003) state the broad definition of innovation as used here implies change in the knowledge, ability and techniques required to produce goods and services of higher or better quality per unit price.

In food processing industry one of crucial factors to sustain the performance is by innovation. (Rainey,2006) strategic for innovation: assessing the options and choosing the right approaches for developing new technologies, improving existing ones and creating new products and processes. Innovation capabilities can align together with manufacturing strategy. Above statement shown innovation one of mechanism to develop, improve, and create or invention for produce degree of excellent goods and service in better quality with minimize cost. Based on (Rainey, 2006) technological innovation is managing technologies, knowledge, and capabilities and determining the best processes, method, and practices for effective development programs.

Figure 2.3.1 shown the nice area of innovation can be explored in organizational it is contains innovation of product and innovation of process. At Jalen.Sdn.Bhd the theoretical of innovation scope can be exploiting to understand the best practice of company use between product and process or implement both scopes. The Product life cycle (PLC) is one of capillary to measure the effectiveness of innovation product and process. This research will evaluate the implementation Product life cycle in Jalen.Sdn.Bhd.

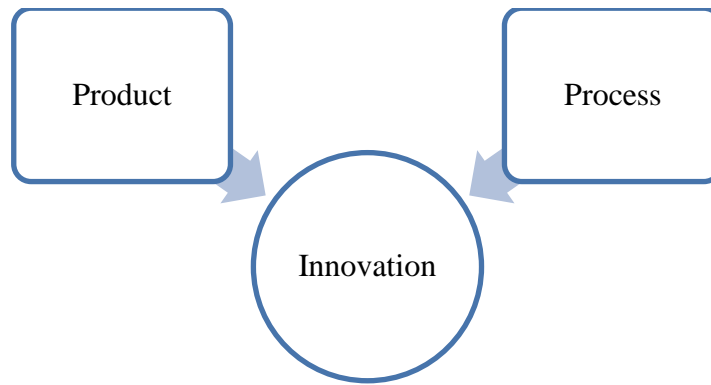


Figure 2.3.1: Scope of Innovation via Product and Process

2.3.2 Innovation (manufacturing strategies) with New Economic Model (NEM)

The New Economic Model (NEM) was unveiled by Prime Minister Dato Seri Najib on March 30, outlining broad strategies to transform Malaysia into a high income country with per capita income of at least US\$15,000. Based on (*Economic Research MARC,2010*) state NEM is the one of the four important pillars needed to achieve vision 2020 in the next 10 years with other pillars of the national transformation program (1) 1 Malaysia, (2) the government transformation program and (3) the 10th Malaysia plan.

The importance application of New Economic Model to manufacturing strategies is to apply the eight strategic reform initiatives in order to achieve high income economy. From (*Economic Research MARC,2010*) state, The Asian Financial crisis (AFC) in 1998 causes Malaysia growth rate fall from 5.5% (1998 and 2008) compared 8.8% between 1990 and 1997. The goals of the New Economic Model are to achieve high income, sustainability and inclusiveness. Before ASEAN Financial Crisis Malaysian its self has focus on manufacturing base, manufacturing has been the fastest growing sector of the economy.

Currently, with New Economic Model and government step make manufacturing more establish as a world class good and service. Even though it more focuses in Electric and Electronic the application of NEM elicits all sector can apply and use the incentive has been provided. The reason is in NEM it has direction for