

**FOOD AND BEVERAGE COMPANY PERFORMANCE BASED ON THEIR
PRODUCTIVITY
MAMEE-DOUBLE DECKER (M) SDN BHD VS NESTLE (M) BERHAD**

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**Project Paper Submitted in Partial Fulfilment of the Requirements for the
Bachelor of Technopreneurship with Honours**

Faculty of Technology Management and Technopreneurship

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DECLARATION

I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and it is not concurrently submitted in the candidature of any other degree.

Signature:

Name: MOHAMAD SYAHMI BIN AZIZAN

Date:

DEDICATION

I dedicate this thesis to my parents Azizan Bin Sharif and Zaibidah Binti Sulaiman and also to my one and only brother, Mohamad Hafizan Bin Azizan. I hope that this achievement will complete the dream that you had for me all those many years ago when you chose to give me the best education you could.

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ABSTRACT

Food and Beverages industry is one of the biggest industry in Malaysia. Although this industry is big, there is two company that conquer the market that is Nestlé (Malaysia) Berhad and MAMEE-Double Decker (M) Sdn Bhd. Both of the company is among the biggest Food and Beverages Company in Malaysia. Even both of the company is the biggest in this field, they still have a different numbers in term of sales and company performance. This study recovers some of the factor that may affect company performance by using a comparison in company productivity. Financial statement of both of the company will be used from 2006 until 2010 as a comparison for every years. The objective of this study is to: 1) Gain an understanding of how productivity gives an impact in food and beverages company performance; 2) Review the differences that exist between different companies that affect the productivity and company performance and; 3) Provide a clear sense of whether productivity perspectives are influencing, and are influenced by: numbers of workers and number of machines. This research is a part of the industry research, which will help others company to use the data to improve their company performance. This research increases our understanding in a factor of company performance and company productivity.

ABSTRAK

Industri Makanan dan Minuman adalah antara industri yang terbesar di Malaysia. Walau industri ini besar, terdapat dua buah syarikat yang menelopori industry ini iaitu Nestlé (Malaysia) Berhad dan MAMEE-Double Decker (M) Sdn Bhd. Kedua dua buah syarikat ini antara yang terbesar di dalam industri makanan dan minuman di Malaysia. Walaupun kedua dua buah syarikat ini antara yang terbesar di dalam industri tersebut, tetapi mereka masih mempunyai perbezaan yang ketara dari segi jumlah jualan dan prestasi syarikat. Kajian menunjukkan beberapa faktor yang mungkin memberi kesan terhadap prestasi syarikat dengan menggunakan perbandingan melalui produktiviti syarikat. Penyata kewangan kedua dua buah syarikat digunakan bermula pada tahun 2006 sehingga 2010 sebagai perbandingan dari tahun ke tahun. Objektif kajian ini adalah untuk: 1) Meningkatkan kefahaman bagaimana produktiviti memberi impak di dalam prestasi syarikat makanan dan minuman ; 2) Melihat perbezaan yang wujud diantara syarikat yang berasingan yang memberi kesan terhadap produktiviti dan prestasi syarikat dan ; 3) Memberi pandangan yang jelas sama ada sudut produktiviti mempengaruhi, dan di pengaruhi oleh ; bilangan pekerja dan jumlah mesin. Kajian ini adalah sebahagian daripada kajian industri, yang membantu syarikat lain untuk menggunakan data untuk meningkatkan prestasi syarikat mereka. Kajian ini meningkatkan kefahaman terhadap faktor prestasi syarikat dan produktiviti syarikat.

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LIST OF ABBREVIATIONS AND SYMBOLS

ABBREVIATIONS

PSM	=	Projek Sarjana Muda
IV	=	Independent Variable
DV	=	Dependent Variable
RQ	=	Research Question

SYMBOLS

H_0	=	Null (rejected)
H_1	=	H one (accepted)

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Malaysia has the ability and potential to become a market leader in processed food and beverage exports to the Asia-Pacific region. The tourism sector in Malaysia is expected to contribute RM168 billion to the national income by 2020, of which RM30 billion targeted to food and beverage sub-sectors contributed. Former Tourism Minister Datuk Seri Dr Ng Yen Yen confident it could be achieved because tourists spend large amounts in food and beverage subsector during a holiday in the country. Last year, the sector contributed about RM10 billion from RM58.3 billion generated tourism (Berita Harian, 2012)

Food and Beverage service is the food that is made in the kitchen and the drinks prepared in the bar to the customers or guest and the premises can be in restaurant, hotels, airlines, cruise ship, companies, school, college, etc. Among the famous brands of fast food in Malaysia is from a Nestle Malaysia Berhad and Mamee Double-Decker. Both of the company was chosen because both companies have a similar type of business a

product matching. Fast food outlets also can be categorized as a food and beverage (Santosh Koripella, 2008)

On the 1912, Nestlé began its operation in Malaysia as the Anglo-Swiss Condensed Milk Company in Penang. Anglo-Swiss Condensed Milk Company later growth and made an expansion to move from Penang to Kuala Lumpur in 1939. Then later in 1962, with its first factory in Petaling Jaya, Nestlé Malaysia start manufactures its products in 7 factories and its head office is in Mutiara Damansara. Nestlé Malaysia was publicly listed on the KLSE that is now knows as Bursa Malaysia Berhad on 13 December 1989. Nestlé Malaysia employs a workers more than 5000 people and created more than 300 Halal products in Malaysia. Nestlé Malaysia has a famous brand such as MILO, NESCAFÉ, MAGGI, NESPRAY and KIT KAT. Nestlé Malaysia have become trusted household names and enjoyed for generations.

In 1971, Mamee-Double Decker (M) Sdn Bhd was founded. Since then, Mamee-Double Decker (M) Sdn Bhd has established itself as a household name for food and beverage and serving over 50 products. One of the famous brand that have been created are MAMEE Monster snack, Mister Potato Chips, and MAMEE Chef. The product are exported to over 100 countries around the world. In pursue to keep the high demand, Mamee-Double Decker has set up the manufacturing facilities in Myanmar and Indonesia to increase the production and reached across international borders. All the facilities in the factory have been awarded with ISO 9000s, HACCP and Halal certifications. In the dedication and hard work to the industry, Mamee-Double Decker had win the Frost & Sullivan Award for Best Home-Grown Packaged Food Company (2013 and 2014), and a Putra Brand Award under the Foodstuff Category (2014). Mamee-Double Decker has become an internationally recognized manufacturer for over 40 years and have a 50 products under 10 brands globally.

Both of the company, Nestle Malaysia Berhad and Mamee Double-Decker have almost similar types of product but have a different company performance. In this research, the researcher used productivity as an indicator to measure the company performance. According to (Mark Rogers, 1998) productivity is defined as the ratio of

output to input in a specific production time. He added, changes in productivity can be caused by either movement of the "best practices" production technology, or changes in the level of efficiency. According to (Gaurav Akrani, 2013) in his blog, there are eight factors that affect the productivity of a company that is technical factors, production factors, organizational factor, personnel factors, finance factors, management factors, government factors, and location factors.

On the other hand, productiveness can increase the overall effectiveness of an organization. A better productivity can enhance production and lower the cost per unit of a product, consecutively, effects in lower prices for better quality. Besides, there are many reasons why measured productivity may differ, which do not naturally reflect hidden differences in productivity (Griffith and Harmgart, 2005)

1.2 Problem Statement

The productivity is particularly important especially in food and beverage industry, where most of the work is still on manual basis. Poor productivity of food and beverage workers is one of the causes of cost and time overruns in serving foods. This will affect the company performance and also will affect the revenue or profit of the company. When the productivity decrease, the company will be in an alarming because it cannot compete with other companies. To compete with other companies, a company needs to raise their productivity levels.

According to (Potatopro.com, 2011) the snack industry in Malaysia is growing faster with the hitting of RM200 Million that is equivalent to 66 Million USD millions of sales last year. Federal Agricultural Marketing Authority or known as FAMA had released the growth data for countries snack industry and the data shown that the chips represent the biggest market share of the snack industry with the figure hitting RM102.1 million or equal to 34 Million USD.

Sweet and savory snacks shown the 3% current value growth during 2014 and was commensurate with the 4% current value growth recorded in the category during 2013. This phenomena happen because the Malaysian consumers are willing to purchase sweet and savory snacks after a long, hard day at work to pamper themselves. Moreover, more Malaysian consumers now are aware about the health and wellness and this makes the company that producing sweet and savory snacks in the country are promoting their reduced sugar and reduce salt versions, with oil and fat content also reduced to the minimum. Among the biggest sellers of sweet and savory snacks in Malaysia are Nestle Malaysia Berhad and Mamee Double-Decker Malaysia. Both of the seller have the advantages and disadvantages and may have a different method to increase their company performance. One of the key factor to increase the profitability and performance is to increase their productivity. Even the Nestle Malaysia Berhad and Mamee Double-Decker have a similar types of product, but the productivity level are different from each other.

The higher level of productivity will increase the customer satisfaction and also will increase the market control. There are 8 factor that need to be consider in the productivity that is location factor, technical factor, production factor, government factor, organizational factor, management factor, finance factor and personal factor. In this research, the researcher will only use 3 factors out of 8 factors that is finance factor, organizational factor and production factor. All of these factor will affect the productivity of the company. This thesis aims to find the factors that can help a company to improve their productivity at the same time will increase the company performance. Even the concept of productivity is forthright, but the problem will come when one confronts various measurement problems, the presence of multiple inputs and outputs, and uncertainty over how to model the production process (Mark Rogers, 1998).

1.3 Research Objectives

- Gain an understanding of how productivity gives an impact in food and beverages company performance
- Review the differences that exist between different companies that affect the productivity and company performance.
- Provide a clear sense of whether productivity perspectives are influencing, and are influenced by: numbers of workers and number of machines

1.4 Research Questions

- What is the problem that affect productivity in Food and Beverage Company?
- How the productivity can influence company performance?
- Why productivity important in production of company?
- What are the drivers and barriers that affecting the increasing of the productivity in the food and beverage service sector?

1.5 Scope and Limitation of the Study

1.5.1 Scope of the Study

This research was conducted to study the factor of productivity that affect Nestle Malaysia Berhad and Mamee Double-Decker performance in Malaysia for the past 5 years starting from 2006. The research used Nestle Malaysia Berhad and Mamee Double-Decker financial performance as an indicator to determine the company performance based on their productivity and was conducted during the final year of my studies in UTeM. The aspects look into were the productivity performance by both company, the way company maintain their productivity, and factor that increase or decrease the company performance.

1.5.2 Limitation of the Study

The research only focus on Food and Beverages company performance based on the productivity between Nestle Malaysia Berhad and Mamee Double-Decker Company.

The limitation of the study is the limited ways to find the financial statements. Researcher need to find the way on how to get the latest financial report in 5 years because not every company will publish their financial report for public. Meanwhile, this research are given insufficient time to finish conducting the data collection.

Interview respondents may lie due to company confidential information. Most people would like to present a positive image of the company and so may lie or bend the truth to look good, e.g. pupils would exaggerate revision duration. (McLeod, S.A., 2014)