

Bangji Management Review

ISSUE 05 / DECEMBER 2019

**NEW NARRATIVE
FOR SMEs**

ISSN 2600-8343



9 772600 834002



UKM-GRADUATE SCHOOL OF BUSINESS

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

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Fifth edition December 2019

Perpustakaan Negara Malaysia

ISSN 2600-8343

Printed by:
Merah Print & Supply Sdn. Bhd.
No. 20 & 20A, Jalan 4/12A,
Seksyen 4 Tambahan, 43650 Bandar Baru Bangi, Selangor



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EDITORIAL NOTE

Whilst the role of small and medium enterprises (SMEs) is critical for economic development, the proliferation of digital technology that leads to a knowledge-based borderless digital economy seems to create insurmountable challenges to SMEs. The structural shifts in the economy create myriad of issues to the SMEs; most common are the lack of intellectual capital, limited access to finance and capital, limited ability to adapt and optimise new technology, incapability to create a strong value proposition, imperfect understanding of the market environment, and the list goes on. SMEs need a new narrative to overcome all these challenges for a path-breaking development on a national scale and thus, continue to be the backbone for the economy.

The SMEs should realise that the competitive advantages in this age of fast-changing business trends are no longer sustainable but transient in nature. Henceforth, SMEs have to move towards Industry 4.0 by embracing continuous innovation for the enhancement of their business competitiveness. Creativity and innovation which is critical for SMEs competitiveness should be permeated throughout the organizational structures and processes as well as in every domain of the business management. Only the new overarching narrative can turn SMEs from the bountiful land of Malaysia into emerging global icons.

In this issue, we highlighted five new and refined knowledge in business for Malaysian SMEs' reference. First, the article on *Service Sector in SMEs* explains the challenges facing this business sector and the factors that could enhance its growth. Second, we presented two articles that contextualise SMEs within the 4th Industrial Revolution. Next, four articles narrow down the discussion by emphasising how information and communication technologies – social media, artificial intelligence, disruptive innovation and blockchain – shape the SMEs in the Information Age. The fourth sub-theme illustrates what SMEs in specific industries can do in embracing the modern challenges. Perhaps, an interesting article is on digitising the traditional handcraft industry; a prominent but often forgotten industry in Malaysia. Last, two well-known issues, which are employee engagement and sustainability, by positioning these issues within SMEs' narratives. We believe that the authors' well-written ideas are intriguing to be read by everyone.

Guidelines For Authors

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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 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.

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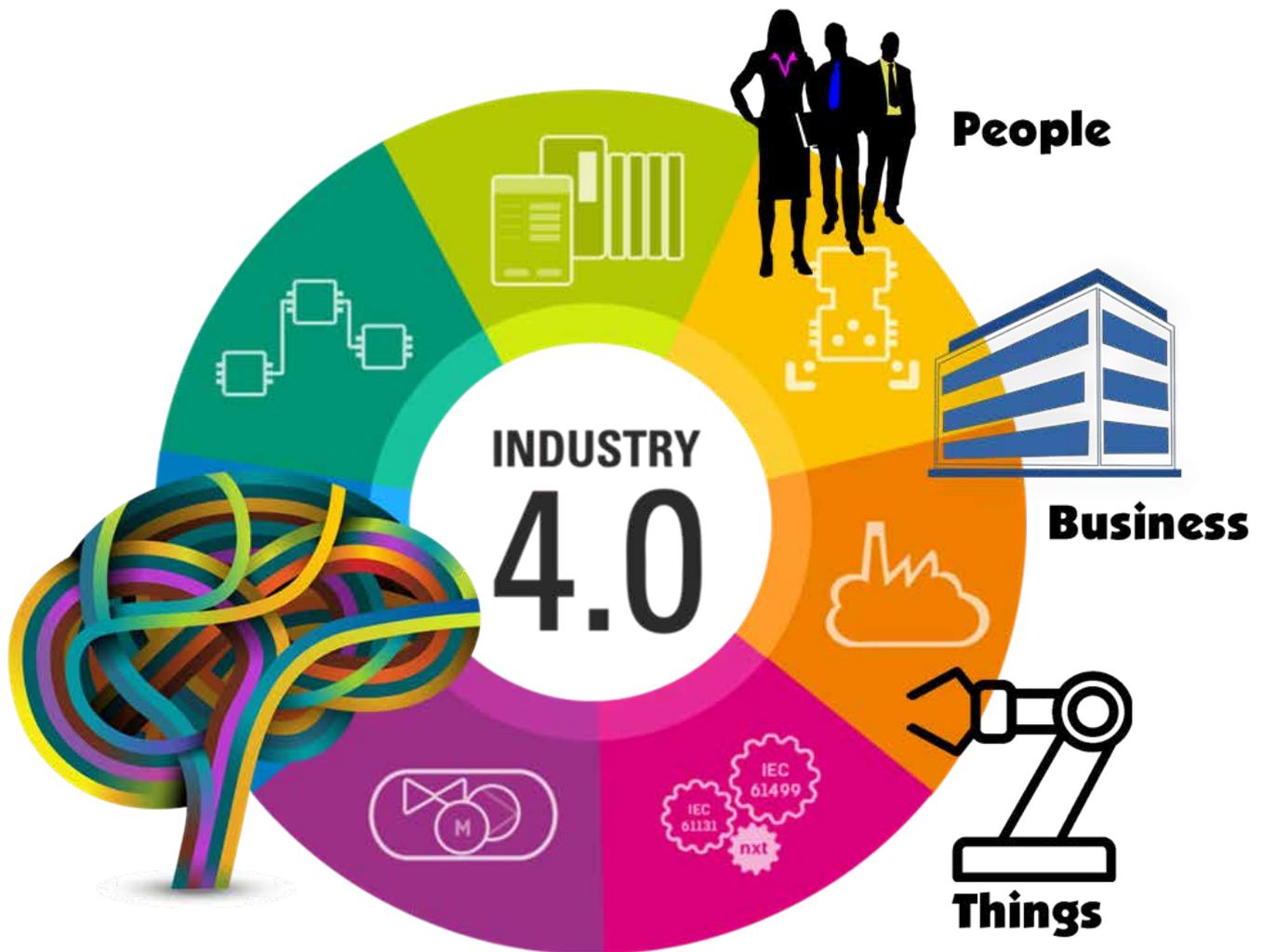
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SMEs AND INDUSTRIAL REVOLUTION 4.0

By Aishah Zaini



It is always the question whether the small and medium-sized enterprises (SMEs) are actually ready for the fourth Industrial Revolution or are they still far behind? SMEs in Malaysia have a high adoption of new technologies, according to research conducted by FedEx, with Malaysia ranks fourth among nine APAC countries surveyed in the implementation of digital platforms and third in the adoption of Industry 4.0 technologies. Nearly 61 per cent of local SMEs believe that e-commerce platforms will contribute towards their revenue growth. In addition, sixty-nine per cent of Malaysian SMEs has integrated Industry 4.0 innovations, such as mobile payments, automation software, and Big Data and Analytics in particular, into their operations and showed a significantly high mobile payment adoption rate among Malaysian SMEs at 90 per cent. The survey results are based on interviews between March and April 2018 with 4,543 SME senior executives in nine APAC markets. China, Hong Kong, Japan, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Vietnam were the markets included in the research.

But as convincing as the result sounds, according to the International Trade and Industry Ministry (MITI), out of 50,000 SMEs in the country, only 300 have signed up for the

evaluation for the selection process for a complimentary readiness assessment (RA) by MITI, and MITI further believes that the SMEs in Malaysia is still lacking in awareness, skills, digital readiness and connectivity to adopt IR4.0. Thus, the questions here now, are the results from the FedEx research portray the real readiness and condition of SMEs in Malaysia or it is calculated based on a sample rather than population?

Another research by SME Corp and Huawei Technologies (M) Sdn Bhd studied the level of digitalization amongst the Malaysian SMEs sector currently and discovered that the use of technology as a growth driver has barely scratched the surface by most companies. The study further stated that Malaysian SMEs are more amenable to digital technologies in enhancing their business. Out of the 2,033 companies studied, more than half are investing in technology to search for new opportunities in terms of market expansion, consumer growth and increase revenue. Furthermore, 50 per cent of SMEs reflected the leadership mentality in the Information and communications technology (ICT) leader where ICT is optimised for superior performance through the development of competitive advantages. On the other hand, approximately 30 per cent invested in ICT, who are considered

as ICT followers, for more efficiency while the remaining 20 per cent ICT laggards who invest more judiciously in ICT. However, a careful study of ICT's adoption among the SMEs' indicates various ways of ICT utilisation for business advantages and untapped opportunities.

In order to modernise their business, a lot of Malaysian SMEs have simply increased the number of computers to their operations and use them for business digitalization and communication improvement in running the business. However, many do not go beyond simple computing. Approximately 71 per cent of them engaged with consumers and advertised through social media while only 44 per cent participated in e-commerce actions. To boost their business processes, even fewer companies have leveraged software solutions. According to the study, the SMEs are still at the level of computerisation process instead of becoming fully digitalised. Even though computerisation provides significant benefits by improving productivity, they cannot still unable to take full advantage of their operations from the benefits of higher productivity gain.

From the few types of research mentioned earlier, it can be concluded that the real state of the readiness is not at its optimum. Although there are SMEs companies that realised the potential of technology, it has not been used to its full potential but rather just touching the ground. The MITI's deputy minister, Dr Ong Kian Ming said on April 2019 that there were even companies that asked him if they should hire IT experts, just to fill in an online survey form for the evaluation which shows how little awareness the companies have on technology.

A survey conducted by SME Corp in 2018 discovered that only 32 per cent of 1,469 respondents realised about IR 4.0, 69 per cent of whom reported being prepared for IR 4.0 implementation, 62 per cent reported lack of knowledge and skills, and 45 per cent reported lack of funding and support.

This survey represents the main challenges of adopting IR 4.0 in Malaysia, which are the lack of awareness, the lack of knowledge and skills, and the lack of funding and support. It can be seen from the research that a lot of Malaysians think to be digitalised is to be able to use a computer, but they are not fully aware of the full potential of the technology as they only use a computer for basic data entry or other administrative productivity. Thus, what can the government do to raise the awareness to let them have better insight into technology and make use of it to the fullest capability? A government can come out with more informative roadshows on the significance of automation and usage of cyber-physical systems (Industry 4.0) to the SMEs in Malaysia. Besides, awareness needs to be nurtured from school as there are a lot of young entrepreneurs and raising the awareness about IR 4.0 starting from school will lead them to have better insights on the revolution itself. Besides, by having sufficient awareness, the incentives of the government from the 2019 Budget (Government allocated RM15 million to support 500 manufacturing and manufacturing SMEs to conduct the readiness assessment of Industry 4WRD) can be fully utilised, unlike the current situation where, according to MITI, only 300 out of 50,000 SMEs companies have signed up for the Industry

4WRD Readiness Assessment. Industry 4WRD Readiness Assessment (RA) is an exhaustive programme to assist SMEs in determining their capabilities and state of readiness to adopt Industry 4.0 technologies by using a pre-determined set of indicators to comprehend their current capabilities and competency gaps. Government need to properly plan on how to utilize the budget so that it can be used for its intended purpose at its maximum capacity.

The government also could introduce coaching, mentoring and support services for the SME companies to fully equip with knowledge and skills of technologies. The government can introduce training classes for SMEs to participate to have better insight and learn how to utilize technological tools and systems. Besides, the government also can create one-stop support information on transformation centre towards Industry 4.0. As of current, the 2020 budget shows that there is an allocation of RM70 million to build 14 one-stop Digital Enhancement Centres (DEC). This initiative is to position the nation as the technological and digital hub of the region. This strengthening measure will provide easier access to finance and capacity building for enterprises, particularly SMEs. Other than that, giant companies also should participate and help the government to boost the technological productivity of SMEs companies. For an example, Shoppe, an online shopping platform, said they will support the MDEC's initiatives by allocating sufficient resources and manpower in order to establish a solid foundation and conducive business environment for e-commerce, particularly through their complementary Shoppe Uni sellers' workshops.

As a conclusion, it is quite clear that the SMEs are not fully ready to face the IR 4.0 but if there is an adequate awareness exposure by the government, the SMEs companies can gain a better insight and learn how to fully utilise the technology and keeping pace at par with the technological changes. Besides, with the fund and training aid from the government, it also will benefit the SMEs better to be on par with other big companies' technology advancement.

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INOVASI PRODUK DAN PEMASARAN DALAM INDUSTRI KECIL DAN SEDERHANA (IKS) DALAM SEKTOR MAKANAN DAN MINUMAN (F&B) MALAYSIA

Oleh Arawati Agus

“Berinovasi atau Berundur”.

Bunyi yang menakutkan! Tetapi fakta ini tidak jauh dari kebenaran terutamanya bagi industri kecil dan sederhana (IKS) dalam sektor makanan dan minuman (F&B) di Malaysia. Industri makanan dan minuman (F&B) adalah satu sektor terpenting di Malaysia, serta mempunyai kepentingan yang signifikan dalam peningkatan ekonomi dan penawaran pekerjaan. Kerajaan Malaysia kini sedang menyasarkan pelaburan dalam industri F&B sebanyak RM 24.6 bilion dalam Perancangan Industri (IMP3) tahun 2006-2020. Merujuk kepada laporan Akta Lembaga Kemajuan Perindustrian Malaysia (MIDA, 2016), sektor F&B telah di dominasi oleh industri kecil dan sederhana (IKS). Pulangan Domestik Kasar (GDP) 2016 bagi IKS ini mencatat nilai RM463.2 bilion, iaitu satu peningkatan mencecah sehingga RM34.2 bilion berbanding pulangan GDP 2015 (Jabatan Statistik Malaysia, 2017). Bagi sektor pembuatan, IKS ditakrifkan sebagai firma dengan pulangan jualan tahunan tidak melebihi RM 50 juta atau bilangan pekerja tidak melebihi 200 pekerja. Bagi sektor perkhidmatan, IKS merujuk kepada firma dengan pulangan jualan tahunan tidak melebihi RM 20 juta atau bilangan pekerja tidak melebihi 75 pekerja. Merujuk kepada Bancian Ekonomi 2016, mengenai profil IKS bagi tahun 2015 yang di jalankan oleh Jabatan Statistik, terdapat 907,065 IKS yang beroperasi di Malaysia. Menurut Bancian Ekonomi 2011, bilangan IKS dalam sektor F&B adalah lebih kurang 15% dari jumlah IKS sektor pembuatan. Sementara itu, peratusan sektor IKS F&B adalah yang kedua tertinggi selepas IKS dalam sektor pembuatan pakaian. Menurut Laporan Perancangan Utama (2012-2020), IKS menyumbang 32% Keluaran Domestik Kasar (GDP) dengan pecahan 59% pekerjaan dan 19 % eksport nilai negara. Produk dari sektor pembuatan di jangka bernilai RM120 bilion menjelang tahun 2020 (NSDC, 2012).

Sektor makanan dan minuman (F&B) menghadapi perubahan teknikal dan ekonomi dari segi konteks pembuatan dan pemasaran sejak beberapa tahun kebelakangan. Sektor pemprosesan makanan menjadi semakin canggih, dengan peningkatan perolehan bekalan bahan mentah yang boleh didapati daripada keluaran tempatan dan luar negara. Hal ini dapat dilihat apabila industri pemprosesan makanan menyumbang anggaran 10% dari output pengeluaran Malaysia, yang kebanyakannya dimiliki oleh rakyat Malaysia dan didominasi oleh firma-firma kecil dan sederhana (IKS). Malah, kemunculan Industri 4.0 dalam sektor pembuatan yang dahulunya didominasi oleh tenaga buruh, telah meningkatkan aplikasi teknologi seperti automasi dan IoT (*Internet of Things*) dalam menambah keefisienan dan produktiviti. Perkara ini dijangka akan melonjakkan subsektor pembuatan makanan ke arah penggunaan teknologi dan inovasi yang tinggi. Malah mampu meningkatkan kemahiran pekerja disamping pelaksanaan kajian dalam cara meningkatkan produktiviti dan kualiti produk IKS (MITI 2018) selaras dengan perkembangan teknologi serta perubahan dalam cita rasa pelanggan. Peningkatan dalam teknologi pemprosesan telah meningkatkan penggunaan bahan mentah tempatan, mengembangkan kepelbagaian produk dan meningkatkan kapasiti pelaburan dalam sektor F&B (MIDA 2019). Makanan proses dieksport ke lebih 200 negara dengan nilai eksport tahunan melebihi RM11 bilion (USD4 bilion) yang merupakan dua pertiga dari jumlah eksport Malaysia berjumlah RM 18 bilion. Walau pun prestasi eksport bagi sektor ini meningkat 2 kali ganda sejak 10 tahun kebelakangan ini, Malaysia terus menjadi pengimport produk makanan tahunan melebihi RM30 bilion (USD9.9 bilion).

IKS dalam sektor F&B menghadapi tekanan mendesak daripada pengguna dan pesaing bagi menurunkan harga serta menerima penguncupan dalam margin penjualan. Oleh kerana IKS berhadapan dengan persaingan perniagaan yang sengit, inovasi merupakan salah satu penyelesaian ke arah peningkatan kawalan kos, kualiti, penambahbaikan produk atau penawaran produk baru. Ini adalah kerana inovasi adalah satu strategi perniagaan bagi IKS untuk terus kekal dan berkembang terutama dalam senario cabaran pasaran. Kebanyakan dari IKS cuba meredakan tekanan ini dengan menerapkan inovasi dalam proses pengeluaran dan aktiviti pemasaran mereka. Mereka perlu mengekalkan atau meningkatkan penjualan produk dengan memperkenalkan proses pembaharuan terhadap produk. Syarikat perlu menawarkan kepada pelanggan produk yang berbeza dari apa yang ditawarkan oleh pesaing agar berupaya keluar dari perangkap margin jualan yang semakin menipis. Mereka perlu memperkenalkan produk atau perkhidmatan yang baru dan produk sedia ada dengan meningkatkan nilai tambah yang signifikan untuk kekal bersaing. Produk baru ini boleh bersifat komplementari dengan produk sedia ada namun ia perlu mempunyai keistimewaan berlainan dari aspek rasa, kualiti atau persembahan. Syarikat IKS perlu belajar untuk memperkenalkan produk dan perkhidmatan baru yang berupaya menarik jualan bagi menghasilkan pulangan yang lebih tinggi berbanding produk pesaing di pasaran.

Walaupun IKS dalam sektor F&B memainkan peranan penting dalam ekonomi Malaysia, namun terdapat firma-firma yang menemui kegagalan dan terpaksa menarik diri dari pentas persaingan hanya selepas tahun pertama pengenalan mereka di pasaran. Persekitaran luaran yang mencabar seperti peningkatan kos pengeluaran, pembangunan teknologi, perubahan dalam cita rasa pasaran dan persaingan serta tekanan untuk kekal bersaing memaksa syarikat F&B untuk berusaha menjadi lebih berinovasi. Oleh yang demikian, inovasi merupakan elemen penting bagi firma IKS dalam sektor F&B untuk kekal relevan dalam perjuangan menarik perhatian pelanggan yang dihujani pelbagai pilihan produk di pasaran. Pelanggan kini semakin teruja untuk mencuba makanan baru dengan cita rasa yang berlainan dan berinovasi dari segi persembahan rupa, rasa serta kaedah pesanan yang mudah, cepat dan singkat. Perubahan gaya hidup juga mengakibatkan peningkatan permintaan terhadap makanan segera dan makanan organik untuk kesihatan. Justeru, syarikat F&B terpaksa mengikut rentak pembeli agar tidak ketinggalan dalam kemelut arus pemodenan dan kepelbagaian inovasi yang boleh menarik dan mencuit perasan ingin mencuba para pengguna. Lantaran itu, inovasi dalam syarikat F&B menjadi semakin penting untuk menonjolkan kelebihan dan menjadi "order winner" dalam persaingan di pasaran luar. Kini syarikat F&B berlumba-lumba dalam persaingan yang semakin rancak dengan menonjolkan pelbagai inovasi terhadap persembahan makanan dan cita rasa bagi memenuhi keinginan dan kehendak pelanggan masa kini.

Inovasi Produk dan Inovasi Pemasaran IKS Sektor F&B Malaysia

Dari perspektif ekonomi, inovasi dianggap sebagai penentu utama bagi kesejahteraan dan pertumbuhan ekonomi masa kini. Mengambil kira perubahan pesat persekitaran dan

persaingan yang semakin mencabar, firma-firma F&B perlu membentuk strategi baru untuk terus kekal dalam arus persaingan, meluaskan syer pasaran dengan berusaha untuk lebih berinovasi dalam mencipta kepelbagaian makanan serta minuman bagi memenuhi perubahan cita rasa pelanggan dalam pasaran yang semakin tepu. Syarikat F&B tidak boleh lagi menepis arus perubahan dan persaingan yang benar-benar mampu mengungguli cita rasa produk yang dianggap sangat istimewa dan sedap. Namun, kenyataannya lambakan produk makanan di pasaran kini tiada perbezaan selain berusaha ke arah menghasilkan produk yang boleh memenangi pertarungan ini kecuali firma yang berani berinovasi dalam mempersembahkan produk serta memperbaiki rasa, kualiti dan pembungkusan produk. Justeru, syarikat F&B yang berupaya menambah baik keberkesanan dan meningkatkan keefektifan inovasi terhadap hasil produk, mampu bertahan atau mengungguli persaingan.

Inovasi produk merujuk kepada pengenalan produk baru atau yang diperbaharui di mana ia berupaya meluaskan jualan ke pasaran baru, menjana pertumbuhan dan meningkatkan nilai tambah pengguna. Polder et al. (2010) mendefinisikan inovasi produk sebagai proses memperkenalkan produk yang baru atau menonjolkan penambahbaikan signifikan ke dalam produk sedia ada. Menurut Ayupp dan Tudin (2013), inovasi produk dalam sektor F&B boleh wujud apabila IKS tersebut memperkenalkan kelainan rasa, memperkembangkan lini produk atau menukarkan pembungkusan bagi menambah tarikan pelanggan. Menurut Gunday et al, (2011), inovasi produk adalah komponen penting persaingan yang boleh diselitkan dalam struktur, proses, produk, operasi dan perkhidmatan. Namun, inovasi seperti ini hanya bersifat "incremental". Pengeluar IKS perlu juga meneroka jenis inovasi yang lebih bersifat "break through". Inovasi produk juga boleh merujuk kepada aplikasi aktiviti pengeluaran dalam menghasilkan produk baru atau penambahbaikan produk yang lebih tinggi berbanding produk pesaing. Atribut inovasi produk merupakan perkara penting dalam peningkatan kualiti, rasa, pembaharuan dalam kaedah penjualan, persembahan atau bahan tambahan mengikut cita rasa generasi terkini dan pengurangan impak negatif terhadap persekitaran (Polder et al., 2010). Contoh produk masa kini adalah seperti donat, pisang goreng dan kerepek yang telah dinilai tambah dengan siraman keju atau coklat untuk menarik minat di kalangan pembeli remaja. Ini adalah contoh produk sedia ada yang diinovasikan dari segi rasa, bahan dan persembahan. Di samping itu, produk-produk lain seperti nasi dan lauk dibungkus dalam kotak-kotak istimewa untuk menarik perhatian dan memudahkan penghantaran.

Inovasi pemasaran pula merujuk kepada inovasi yang diwujudkan dalam kaedah pemasaran dengan tujuan meningkatkan keberkesanan dalam perniagaan seperti membentuk teknik dan kaedah baru pemasaran seperti strategi promosi dan harga produk (Polder et al. 2010). Inovasi pemasaran berkait rapat dengan strategi harga, inovasi reka bentuk, pembungkusan produk, penempatan produk dan aktiviti promosi sama ada konvensional atau melalui sosial media (Kotler, 1991). Inovasi pemasaran boleh juga merujuk kepada reka bentuk dan merubah wajah produk namun isi kandungan produk masih sama. IKS boleh

meningkatkan jualan produk sedia ada di daerah baru atau pasaran antarabangsa dengan mengembangkan lini produk ke segmen kumpulan sasar baru dalam pasaran sedia ada. Inovasi pemasaran juga termasuk saluran pengagihan baru, memperbaiki semula posisi produk dengan kaedah pengiklanan baru bagi penjualan produk. Objektif inovasi pemasaran adalah untuk meningkatkan jualan dan syer pasaran dengan membuka pasaran baru. Syarikat F&B juga boleh mewujudkan portal perniagaan sendiri untuk meningkatkan fleksibiliti dalam pembelian dan pemesanan produk sama ada menggunakan saluran biasa atau pesanan atas talian. IKS boleh mengembangkan pulangan penjualan produk sedia ada dengan menggunakan saluran jualan baru seperti stor atas talian, menjangkau kawasan antarabangsa atau mengembangkan jenis produk ke segmen baru dalam pasaran sedia ada. Selain itu, penjualan bersemuka secara kaedah jualan atau mod pembelian boleh diinovasikan secara pemesanan atas talian dan penghantaran menggunakan e-hantaran. Inovasi sedemikian bukan sahaja meningkatkan jualan IKS dalam sektor F&B tetapi juga meluaskan skop pasaran dan mencetuskan perniagaan sampingan lain seperti penghantaran makanan bermotosikal.

Industri F&B sedang menghadapi perubahan pantas cetusan dari globalisasi, kebebasan dalam perdagangan, pembangunan genetik, teknologi pemrosesan dan maklumat, hak harta intelek, perubahan dalam struktur keluarga dan kesedaran mengenai keselamatan bahan makanan. Di samping itu, terdapat keresahan pengeluar mengenai sektor pemrosesan makanan yang dibelenggu oleh masalah peningkatan kos pengeluaran (SMECorp, 2010). Lebih malang lagi, apabila kebanyakan firma-firma F&B mempunyai sumber kewangan yang terhad. Lantas, kebanyakan mereka memilih strategi-strategi berkos rendah disebabkan kekangan belanjawan kewangan. Tambahan pula, kebanyakan IKS ini mempunyai pengetahuan yang cetek dalam bidang pemasaran dan pengurusan. Justeru, tidak hairan IKS sering menghadapi masalah pemasaran yang boleh menggugat kejayaan penjualan produk. Namun, IKS perlu peka terhadap faktor-faktor kejayaan dan kegagalan dari perspektif inovasi. Menurut beberapa sumber, interaksi dengan rakan perniagaan seperti pembekal, pembeli akhir dan institut penyelidikan memainkan peranan dalam menentukan kejayaan aktiviti inovasi. Dalam konteks ini, analisis pengguna, pertukaran maklumat mengenai pelanggan dan analisis aduan pelanggan boleh digunakan bagi mendapatkan pengetahuan mengenai keperluan, sensitiviti harga dan gelagat pembelian pengguna. Justeru, perancangan, pemacu dan kawalan proses inovasi yang bersepadu adalah penting bagi memastikan kejayaan inovasi yang diperkenalkan. Syarikat F&B juga harus mempamerkan budaya, pentadbiran yang mesra pelanggan kerana sikap dan cara layanan pekerja boleh menyumbang kepada kejayaan proses tersebut. Insentif yang baik dalam rangkaian komunikasi dalaman dan luaran serta kerjasama daripada pelbagai pihak merupakan faktor penting bagi kejayaan sesebuah perniagaan IKS. Sistem komunikasi dalaman yang efisien dan mantap juga amat penting bagi kejayaan sesebuah inovasi. Ini disebabkan nilai tambah yang terhasil dari inovasi produk baru perlu disampaikan kepada pengguna. Namun sebaliknya, produk baharu yang mempunyai pelaburan berinovasi tinggi mengalami masalah

genting sedangkan ianya boleh digunakan sebagai strategi penembusan pasaran (Polder et al., 2010; Gunday, et al, 2011).

Pemasaran produk F&B boleh dijalankan secara langsung atau menggunakan saluran media yang semakin canggih. Justeru, pelancaran produk baru memerlukan promosi yang hebat disebabkan produk makanan mampu mempamerkan kelainan dan keistimewaannya tersendiri. Promosi produk baru boleh dilakukan melalui ruang iklan penerbitan biasa atau media sosial (seperti facebook dan whatsapp), atau aktiviti kiriman langsung. Pendekatan atau inovasi pemasaran terkini adalah melalui pemasaran elektronik (seperti facebook dan instagram), mencipta stor atas talian bagi meningkatkan akses serta pemesanan atas talian dan penggunaan kemudahan penghantaran makanan secara sendiri atau pautan penghantaran melalui e-penghantaran menggunakan perkhidmatan seperti grab food, food panda dan lain-lain. Ini dapat meluaskan pasaran, meningkatkan akses dan jualan bagi membolehkan perniagaan IKS sektor F&B kekal bertahan serta terus maju dalam dunia persaingan yang amat mencabar.

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FOURTH INDUSTRIAL REVOLUTION (IR 4.0): THE DRIVER PERSPECTIVE

By Muhammad Hazmi Abdul Rahim & Meor Iqram Meor Ahmad



Based on the definition by Cambridge Dictionary (2019), the term industrial revolution is initially defined as: “[...] the period of time during which work began to be done more by machines in factories than by hand at home”. There are several different definitions and arguments to describe the industrial revolution since the first industrial revolution. However, it is essential to understand what the foundation that sparks any industrial revolution is. The first industrial revolution started as early as 1760 to around 1840. The first industrial revolution was ignited by the construction of the steam engine and the invention of railroads. The second industrial revolution started in late 19th century going through the early 20th century. Second industrial revolution made possible by the creation of electricity and the assembly line. The third industrial revolution started at the beginning of the 1960s with the introduction of digital technology. This revolution was known for the development of semiconductor, mainframe computing, personal computer and the internet. The third industrial revolution was also known as the age of the digital revolution. As digital technology had become more complex and sophisticated, more integration of technology with the society and the global economy took place. This situation led to the shift of social construct and economic model worldwide.

In any new development of human history, there are many discussions on how the main driver of the advancement would take place and how social construct will interact with

the driver. The focus of this article is to see how the fourth industrial revolution (IR 4.0) will create a new construct of human history in the nearby future. The real concern that eludes our society concerning the IR 4.0 is that most of the decision-maker are too often caught in the traditional, linear thought or too wrapped up by the immediate concern to think strategically about forces of

disruption and innovation that will be shaping our future. By using the thesis that was proposed by Klaus Schwab (2016), the IR 4.0 is now underway very rapidly, with significant breadth and depth and an extensive system that impacts every part of our social construct. In this article, the investigation of the integration of ethical value and economic value is discussed, that would be the main foundation of any decision making and policy construction in the new industrial revolution.

In 1980, Richard Feynman, Paul Benioff and Yuri Manin introduced the groundwork for a completely new paradigm of quantum computing, introducing the idea that quantum computing had the potential to solve problems that “classical computing” could not (Baumhof 2019). To simplify the understanding of the quantum computer is a quantum computer using Shor’s algorithm could achieve the same feat in just 10 seconds, with a modest 1 million operations per second. That is the power of quantum computers: 300 trillion years versus 10 seconds. This basic concept of trying

to solve any complex ideas in a minimal time fundamentally had become the main driver in the development of IR 4.0. Currently, the application of quantum computers is limited to the advancement of complex mathematical modelling, data management and communication industry. In short to medium term, actual, real quantum computers may turn out to be too limited to support the claimed applications fully. The basic idea is that, eventually, the sufficiently powerful quantum computers are capable of supporting these applications. The summary of applications includes optimization, planning, and logistics, forecasting, financial modelling, drug design and discovery, genomics, cybersecurity and cryptography, molecular modelling, chemistry modelling, computational chemistry, material design and modelling, aerospace physics, quantum simulation of physical systems at the quantum mechanical level. Based on this scenario, the velocity of technological advancement would be very rapid, and the depth of social dependency or integration would be higher compared to the past industrial revolution.

Quantum computer capability is needed in the current economic state and social construct. In the case of Malaysia, since January until October 2019, the number of reported cases of cybersecurity cases is 8770 case (Cybersecurity Malaysia, 2019) and 72% of the cases are classified as cyber fraud (as shown in Table 1). This situation will worsen as the advancement in technology improve. The use of a quantum computer in creating a safety net for all digital data can be the answer for a safer digital world. According to Campagna et al. (2015), the application of quantum-safe algorithms could be the future of security of critical infrastructures such as government, military communications, financial industry, healthcare records, personal data in the cloud and access to confidential corporate networks. The application of quantum computing as the main driver could enhance human capability in a very fast magnitude. To some extent, several scientists stated that the development of quantum computer might be the breakthrough in the ability to cure every cancer disease. This scenario becomes another reason why countries pour so much money into the field, and with it being so difficult, any achievement will directly yield a lasting advantage.

Table 1. Reported Incidents Based on General Incidents Classification Statistic 2019 (Malaysia MyCertsecurity 2019)

	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
MALICIOUS CODES	121	97	123	49	19	20	20	19	47	70	0	0	585
VULNERABILITIES REPORT	9	7	2	3	5	4	4	8	13	3	0	0	70
SPAM	12	7	8	10	10	5	5	11	15	17	0	0	100
INTRUSION ATTEMPT	6	9	10	9	6	11	5	9	4	6	0	0	75
CONTENT RELATED	26	22	20	32	19	4	28	18	39	40	0	0	248
CYBER HARASSMENT	21	22	23	22	13	17	18	17	28	14	0	0	195
INTRUSION	81	92	84	82	93	89	111	188	205	100	0	0	1125
DENIAL OF SERVICE	2	1	1	1	1	0	1	3	3	2	0	0	15
FRAUD	567	472	477	447	570	594	846	698	835	851	0	0	6357
	845	729	748	655	736	744	1050	917	1189	1103	0	0	8770

Source: Malaysia MyCertsecurity (2019)

The other main driver of IR 4.0 is Artificial Intelligent (AI). According to Nilsson (2010), the basic concept of AI production revolves around the elements of the integrated worldwide data including sets of production and control guidelines. Various generalization of computational formalism known as a production function that include a clean separation of these computational components, and thus seem to capture the essence of majority of AI systems. There are some different forms of learning as applied to artificial intelligence. There are several different forms of learning that applied inside the artificial intelligence technology. The simplest is learning by conducting trial and error method. For example, a simple computer program that is used for solving a chess problem might try several random moves until the check-mate is found. The program then stores the solution and uses the solution the next time the computer encounters the same position by recalling the solution. This is simple procedure, which can simply be done by computer, is called a rote learning process. In the situation of more challenging problems, the

implementation of generalization process might take place. This process involves applying experience to analogous new situations. For example, a program that learns the past tense of any language verbs by rote will not be able to produce the past tense of a word unless the program had previously presented the verb such as the word jump to jumped, whereas a program that is able to generalize can learn the add "ed" rule and so form the past tense of jump based on experience with similar verbs (Copeland 2019). The obsession of artificial learning started in the 1950s, where much research in the neural network became the main foundation in the development of AI. Then, the study of neural learning had evolved into machine learning, and currently, many research in AI is looking into the deep learning process. The development of AI as a tool is going through a maturity stage whereby the application of AI has become essential to every educational sector and economy sector.

In every new technological advancement, history dictates that there is always a chance creation and a chance destruction. In the context of AI, the advancement of AI technology put every policymaker, economical player and academicians in a conflict. A prominent figure in technology development, Elon Musk stated that AI is more dangerous than the nuclear warheads and there is a need for regulatory body to oversee the development of superintelligence (Clifford 2019). Progress in artificial intelligence offers abundant opportunities to improve the human condition. However, it will also pose significant challenges for our society that are likely to grow in coming decades, as AI systems may replace humans in a growing range of areas. As the application of AI starts to be used by big cooperation and mass industry, AI will play a pivoting rule in dictating the interest of the economy. This role is traditionally played by a human with certain ethical conduct. Both economics and ethics offer important insight on the society, but from two different points of view. The main view of economics is how the price system in our economy values resources, that contradicts the view of ethics in which the moral evaluation of actions in our society is the main focus. Based on the study conducted by Korinek (2019), several unanswered questions may arise as AI starts to integrate into a traditional economic and social system such as:

1. Is it right to introduce new technologies that lead to job losses?
2. How do AI interact with professional biases and culture?
3. Conceptual differences between ethical values and market value?
4. Why economic value all too often prevails over ethical values?
5. How to deal with discrepancies of value and equalities?

The advancement of technology depends on human interest and ingenuity. Shaping the fourth industrial revolution according to the most ideal and sustainable ideas can ensure that the new industrial revolution will be empowering and focusing on human development rather than being divisive and partisanship. This is a big task and challenge that needs the cooperation of all the stakeholders, sectors player and countries. The fundamental and core of this revolution will affect and influence all countries, economies, sectors and people. The interactions and collaborations by all parties are needed to create common and positive hope-filled narratives, thus enabling individuals and groups from all parts of the world to participate.



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KELESTARIAN KEUSAHAWANAN WARISAN BUDAYA (KWB)

Oleh Arena Che Kassim & Ahmad Nizam Che Kassim



**Bunga dahlia jangan dibuang,
Disusun indah di atas papan;
Usahawan maju negara dijulag
Warisan budaya ekonomi mapan**

Dalam usaha pihak Kerajaan membentuk lebih banyak penyertaan usahawan baru, salah satu cabang keusahawanan yang dilihat berpotensi tinggi adalah Keusahawanan Warisan Budaya (*Cultural Heritage Entrepreneurship*). Menurut definisi, Warisan Budaya ialah peninggalan artifak fizikal dan ciri tidak ketara sesebuah kelompok atau masyarakat yang diwarisi daripada generasi terdahulu, dikekalkan pada masa kini serta dipelihara untuk generasi akan datang. Warisan-warisan ini termasuk budaya yang tampak ketara (misalnya bangunan, monumen, buku, hasil seni dan artifak), yang tidak ketara (seperti cerita rakyat, tradisi, bahasa, seni masakan, serta yang berbentuk pengetahuan), dan juga warisan semula jadi (termasuk ciri muka bumi dan biodiversiti yang penting) (Sullivan, A.M., 2015). Warisan budaya yang selama ini telah disimpan menjadi suatu identiti turut menjadi tonggak utama maruah sesuatu bangsa dalam kepelbagaian kaum di negara kita. Malah, ia juga patut diserap sebagai DNA kepada usaha pembentukan usahawan-usahawan tempatan yang mempunyai nilai berdaya saing yang semakin tinggi. Keusahawanan Warisan Budaya atau KWB ini merupakan satu cabang keusahawanan yang masih belum diteroka secara giat di kalangan usahawan-usahawan tempatan. Hal ini mungkin disebabkan oleh kepelbagaian kekangan termasuk pembiayaan ekosistem yang tidak memuaskan serta kurang galakan- dari pihak Kerajaan yang ditonjolkan dalam menarik minat lebih ramai usahawan menyertai cabang perniagaan ini.

Potensi KWB sebagai pemacu baru dalam membentuk keusahawanan negara amatlah luas. Usahawan-usahawan tempatan yang berminat dengan KWB sewajarnya mengambil peluang yang terbuka luas ini seiring dengan perkembangan teknologi digital, automasi dan penglibatan revolusi industri 4.0. Usahawan-usahawan tempatan sepatutnya melihat cabaran memajukan produk warisan budaya ini sebagai platform terbaik dalam mengasah kreativiti diri untuk menjadi usahawan yang lebih berinovasi. Dalam masa yang sama

tetap teguh mempertahankan keaslian dan nilai warisan budaya yang dimiliki daripada nenek moyang yang di warisi. Hakikat bahawa era keusahawanan menjanjikan pelbagai peluang terbaik dari segi pemasaran, capaian penyampaian perkhidmatan dan potensi produk yang sangat meluas serta produk warisan budaya dengan daya saing tersendiri turut melonjakkan perkembangannya dalam domain tersebut. Mengikut satu kajian, produk kreatif yang berasaskan warisan budaya mampu bergerak seiring dengan ekonomi digital yang menjadi wahana kepada perkembangan ekonomi global pada masa ini.

Pada tahun 2013 sahaja, produk tersebut telah menyumbang pendapatan negara sebanyak USD200 bilion kepada jualan digital dunia dan dianggap sebagai pemacu ekonomi dalam talian baru. Kandungan produk yang berasaskan industri kreatif dan warisan budaya telah menyumbang kepada jualan alatan digital (yang mempunyai kandungan produk tersebut) sehingga mencecah USD530 bilion (*Cultural times | The first global map of cultural and creative industries December 2015*). Potensi ini tidak hanya terbatas kepada penjualan secara langsung, malah KWB adalah satu wahana ekonomi di mana penghasilan produk dan perkhidmatan yang ditawarkan masih belum diteroka secara menyeluruh. Ianya juga masih berada di tahap awal dan sangat inklusif (*young, inclusive and entrepreneurial*). Potensi ini jelas menunjukkan bahawa KWB adalah medium terbaik untuk menghasilkan lebih banyak peluang pekerjaan yang berpotensi tinggi serta mencakupi pelbagai kemahiran. Dalam konteks penghasilan nilai pula, konsep keusahawanan ini juga merentasi rantaian nilai dan bersifat swadaya, serta mampu mencipta peluang penghasilan usahawan yang berdaya saing melalui pembangunan ekosistemnya. Mengikut kajian yang sama, jualan secara tidak formal untuk produk kreatif KWB dalam kalangan negara membangun dianggarkan berjumlah USD33 bilion. Hal ini, secara langsung telah menyumbang penghasilan peluang pekerjaan sebanyak 1.2 juta kepada penduduk di negara-negara tersebut (*Cultural times | The first global map of cultural and creative industries December 2015*).

Peluang-peluang ini perlu dicipta dalam bentuk model perniagaan yang berdaya maju, dibantu dan dikawal selia oleh polisi serta kerangka undang-undang tempatan yang mesra usahawan dan tuntas. Peluang pembiayaan adalah contoh yang bukan hanya dikhaskan untuk pembangunan usahawan malah perlu juga diperluaskan kepada para sarjana. Kaedah ini dapat membantu membiayai keperluan kajian berkaitan penilaian terhadap kerangka-kerangka yang praktikal dalam pendekatan perniagaan, perundangan serta polisi semasa. Kajian-kajian yang dilakukan haruslah bersifat pendekatan yang tertumpu dan mampu dilaksanakan secara seiring untuk memastikan setiap saranan dijemlakan dalam ekosistem keusahawanan. Kekangan pelaksanaan terhadap kajian kesarjanaan yang dianggap bersifat teoretikal perlu di atasi agar pembentukan dan pembangunan ekosistem KWB dapat digerakkan secara menyeluruh. Oleh demikian, sasaran

perkembangan pembentukan dan pembangunan ekosistem KWB akan dapat dicapai sepertimana yang diharapkan.



Model kajian sarjana dalam keusahawanan warisan budaya ini telah dipraktikkan di pelbagai negara seperti Jepun, Korea dan negara-negara di Eropah Timur. Meninjau kegiatan ini di beberapa negara Eropah yang telah mengambil inisiatif dalam menjadikan Keusahawanan Warisan Budaya (KWB) di bawah projek Sagittarius, didapati dengan menyasarkan penglibatan beberapa negara, kegiatan keusahawanan meliputi pelbagai aspek warisan budaya yang jelas menunjukkan bahawa KWB berpotensi menjadi pemacu baru dalam kegiatan keusahawanan (Sagittarius Project, 2011). Projek Sagittarius ini yang merupakan kerjasama kolektif serantau dengan negara-negara selatan Eropah Timur menyasarkan pelbagai pendekatan dalam membangunkan potensi KWB.

Kerjasama rentas sempadan ini bertujuan untuk mempromosi pembangunan dalam nilai kesenian, meningkatkan kesedaran dan peranan dalam menjaga persekitaran serta mengatasi konflik dalam pemuliharaan penggunaan nilai warisan sesebuah budaya. Justeru, kesedaran untuk meningkatkan daya saing dalam KWB yang menitikberatkan perkongsian dan perkembangan ekonomi mapan dan inklusif, telah dibentuk dengan kerjasama serantau. Inisiatif ini adalah satu pendekatan yang sangat praktikal kerana usaha para sarjana tertumpu kepada isu-isu dan potensi semasa. Seterusnya digerakkan dengan menggabungkan pendekatan kajian lapangan terus kepada implementasi langsung saranan kepada program-program pembangunan keusahawanan warisan budaya di kawasan terlibat.

Setiap hasil kajian yang didokumentasikan akan dijadikan sebagai rujukan serantau. Proses mereplikasi kejayaan daripada inisiatif yang sama akan dijalankan di kawasan atau daerah lain yang dianggap berpotensi untuk pembangunan keusahawanan warisan budaya. Seterusnya proses tersebut terus diperkemas dan diperincikan mengikut kesesuaian acuan tempatan. Kaedah ini sangat praktikal disebabkan kawasan serantau tersebut mempunyai nilai dan potensi warisan budaya yang agak sama. Sebenarnya, hal ini boleh diguna pakai di negara kita dan juga rakan-rakan di negara rantau ASEAN yang lain. Para sarjana dari rantau ASEAN boleh bekerjasama membantu membentuk ekosistem keusahawanan dan mendorong serta mendukung inisiatif-

inisiatif pihak berkuasa tempatan dalam pembangunan dan program penghasilan produk terutama dalam perkhidmatan KWB. Setiap proses ini seharusnya lebih mudah dilakukan dengan perkembangan serta bantuan teknologi sedia ada, apatah lagi pengadaptasian teknologi terkini sejajar dengan ledakan revolusi industri 4.0.

Selain dari mengeksploitasi peluang sedia ada, usahawan tempatan perlu sentiasa memastikan pematuhan terhadap kod etika dalam melakukan kerja serta mempertahankan nilai budaya, bukan sahaja dalam proses penghasilan produk dan perkhidmatan terlibat, malah turut menerapkan nilai budaya bangsa yang terpuji. Persaingan setiap produk dan perkhidmatan di arena antarabangsa yang kompetitif memerlukan penilaian intrinsik pada setiap masa yang mampu meningkatkan daya saing serta memaparkan harga yang kompetitif.

Etika secara umumnya bermaksud nilai yang dapat diterima umum termasuklah perasaan, kepercayaan, tradisi dan idea yang terbentuk berdasarkan pegangan agama, kebudayaan, dan pengaruh sosial (Sharifah Hayati 2010). Etika juga ditakrifkan sebagai keadilan, hak untuk bersatu, hak memiliki harta, hak berpolitik dan sebagainya (Spencer, H. 1978). Pematuhan kepada etika dalam pembangunan dan program penghasilan produk dan perkhidmatan KWB sangat penting untuk memastikan tiada berlakunya unsur-unsur pelanggaran etika masyarakat setempat dan antarabangsa.

Etika dan juga nilai yang ada dalam masyarakat perlu dipatuhi dan diikuti oleh para usahawan. Oleh demikian semua program pembangunan penghasilan produk terutama perkhidmatan KWB dapat dinikmati dan diterima dengan baik oleh segenap lapisan masyarakat tanpa pengecualian terutamanya para usahawan.

Perlu difahami bahawa setiap anggota masyarakat atau komuniti adalah eksklusif dan unik. Pematuhan etika adalah berdasarkan kepada pengamalan serta persetujuan bersama dalam kalangan ahli kelompok komuniti yang terlibat. Kegagalan para usahawan mematuhi kod etika yang dipraktikkan oleh kumpulan komuniti tertentu akan menyebabkan hasrat golongan usahawan yang ingin menceburi atau mempelopori bidang Keusahawanan Warisan Budaya (KWB) ini sukar direalisasikan.

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MENEROKA INOVASI DALAM PENJAGAAN WARGA EMAS SEBAGAI PELUANG PERNIAGAAN

Oleh Khadijah Alavi & Mohd. Marzuki Mustafa

Artikel ini menghuraikan senario peningkatan kepadatan penduduk warga emas di Semenanjung Malaysia pada tahun 2030 yang memberi peluang perniagaan kepada masyarakat Malaysia. Peningkatan pelabur luar negara meneroka peluang perniagaan penjagaan warga emas di Malaysia. Namun ramai rakyat Malaysia sendiri tidak mengorak langkah meneroka peluang penyediaan kemudahan dan perkhidmatan untuk warga emas dan orang kurang upaya selain perkhidmatan sedia ada seperti hospital, pusat jagaan, komuniti dan rumah. Kreativiti dan inovasi amat diperlukan untuk membuka peluang perniagaan dalam sektor penjagaan komuniti tua. Perkhidmatan hospital di negara kita telah mencapai standard yang tinggi. Justeru, standard dan kualiti perkhidmatan hospital perlu dilebarkan kepada perkhidmatan pusat jagaan, penjagaan dalam komuniti. Perkhidmatan seperti ini berpotensi untuk difrancaiskan ke luar negara dan membuka peluang perniagaan pelancongan kesihatan (*health tourism*). Perkembangan teknologi dalam Revolusi Industri 4.0 perlu dimanfaatkan untuk memberikan perkhidmatan yang berkesan, lebih murah dan membuka peluang pekerjaan dalam skala besar selaras dengan perkembangan ekonomi gig.

Senario Penduduk Warga Emas Malaysia

Penjagaan warga emas merupakan isu sosial yang perlu perhatian serius kerana impak penuaan generasi "*baby boomers*" atau gelombang tsunami tercetus dari peningkatan penduduk warga emas yang akan berlaku dalam jangka masa terdekat di Malaysia. Taburan penuaan penduduk Malaysia pada tahun 2010 menunjukkan bahawa 7.9% atau 2,251,216 orang adalah berumur 60 tahun ke atas dan dijangkakan terus meningkat kepada 9.9% pada tahun 2020 (Jabatan Statistik Malaysia, 2010). Statistik ini akan terus meningkat dengan mendadak kepada 5.1 juta (15%) orang pada tahun 2030. Fenomena ini memberi kesan kepada pertambahan pendudukan warga emas yang terpaksa mengharungi kehidupan mereka dalam keadaan kurang upaya dan bergantung kepada ahli keluarga. Peningkatan dalam demografi penuaan ini mewujudkan beberapa kos tersembunyi daripada aspek perubatan, kos emosi, kos sosial, pergantungan kewangan dan persekitaran yang akan menjadi cabaran dan masalah kepada warga emas, keluarga, masyarakat dan negara. Fenomena ketidakupayaan warga emas juga memberi impak kepada keluarga dan produktiviti kerja kerana memerlukan tumpuan masa, tenaga dan kewangan dalam menjaga warga emas di rumah atau di hospital. Pilihan terakhir berkemungkinan terpaksa memindahkan warga emas ke pusat jagaan.

Realiti kehidupan warga emas di bandar dan pinggir bandar yang dipindahkan ke pusat penjagaan formal mungkin merupakan pilihan terakhir dalam kalangan mereka. Walau bagaimanapun, kemasukan ke pusat penjagaan warga tua

akan mewujudkan satu perasaan kegagalan sebagai ibu bapa dan kebimbangan penghakisan rasa hormat anak-anak (Lee, 1997; Khadijah et al., 2010). Transisi ke pusat penjagaan dan persekitarannya telah diterima umum sebagai satu peristiwa besar yang mencabar warga tua. Hasilnya, kemungkinan memasuki pusat penjagaan menimbulkan perasaan takut dan kebimbangan yang memberi kesan negatif di akhir kehidupan warga tua (Farrar, et al., 1964). Manakala, kira-kira 23 peratus atau 538,000 daripada 2.4 juta warga emas di negara ini mengalami sindrom '*Empty Nest*' iaitu rasa kesunyian dan sedih akibat tinggal bersendirian di kawasan luar bandar dan berjauhan daripada anak-anak. Kajian itu juga mendapati kira-kira 55 peratus daripada warga emas menyatakan rasa tidak kisah jika ditempatkan ke Pusat Jagaan Orang Tua (LPPKN, 2011). Kesunyian mempunyai perkaitan masalah psikologi antaranya seperti perasaan gelisah, kebimbangan, kemurungan dan yang akhirnya tahap kognitif, ingatan dan personaliti warga emas akan terus terganggu.

Proses penjagaan menjadi semakin sukar jika warga emas mengalami penyakit Parkinson, strok dan dementia atau Alzheimer. Menurut Rohana (2018) bukan semua ahli keluarga sanggup menjaga warga emas yang mempunyai penyakit akut dan kronik. Rentetan penyakit tersebut warga emas kurang tidur, letih, kurang rehat, marah, melempar barang dan sebagainya. Perubahan tingkah laku, emosi dan sosial ini memberi implikasi kepada penjaga yang memerlukan kecekapan pengurusan penjagaan warga emas tersebut. Kompetensi yang diperlukan oleh penjaga tidak formal ialah kemahiran mendengar, kemahiran berkomunikasi, kemahiran kerja berpasukan dan sebagainya bagi mengurangkan beban penjagaan. Kerajaan Malaysia dan agensi swasta/ NGO menyediakan pelbagai perkhidmatan tidak berbayar dan berbayar untuk membantu memberi sokongan kepada keluarga dan komuniti yang mempunyai warga emas. Namun, kemudahan dan perkhidmatan penjagaan warga emas ini masih tidak memadai atau tidak boleh dicapai dalam masyarakat Malaysia serta tidak mencakupi seluruh peringkat serta daerah-daerah.

Terdapat juga pelbagai perkhidmatan dan kemudahan warga emas disediakan oleh penyedia perkhidmatan antarabangsa seperti Australia, Jepun, Pakistan, India, China dan Singapura. Misalnya '*myflexhealth*' daripada Australia menyediakan perkhidmatan pusat jagaan, khidmat bantu di rumah melalui sukarelawan terlatih mengikut standard Australia dan mengguna pakai Sijil Kemahiran Australia tahap 3 dan 4. Beberapa penyedia antarabangsa sedang meneroka peluang perniagaan di Malaysia sebagai francais. Industri hartanah seperti Gamuda, EkoSetia, Iskandar Land dan sebagainya menggunakan perkhidmatan peringkat antarabangsa untuk meneroka peluang perniagaan dalam bidang "perkampungan warga emas" (*elderly residential home*)



yang menyediakan perumahan mengikut garis panduan dan piawai perancangan kemudahan untuk golongan kurang upaya (KPKT 2012).

Jabatan Kebajikan Masyarakat dan Persatuan Usiamas menjalankan khidmat bantu di rumah dengan sukarelawan yang dilatih. Kemungkinan program ini sukar untuk mampan (*sustainability*) bagi jangka masa panjang kerana menggunakan tenaga sukarelawan tanpa melatih anak dewasa yang menjaga ibu bapa tua mereka. Kerajaan perlu mewujudkan usahawan PKS dalam bidang penjagaan warga emas bagi merancakkan lagi pertumbuhan PKS dalam sektor ini di Malaysia di samping mengurangkan kadar pengangguran dalam kalangan belia di Malaysia. Malaysia juga mempunyai Standard Kemahiran Pekerjaan Kebangsaan (NOSS) dalam bidang penjagaan warga emas (*Elderly Care Centre Operation Level 3: CC-013-3:2013*); SKM 4 dan SKM 5 yang dapat mengorak langkah mewujudkan program penjagaan warga emas dalam komuniti untuk jangka masa panjang. Tujuan utama ialah untuk (a) mengenal pasti latihan kemahiran dan kompetensi dalam penjagaan warga emas bagi meningkatkan kebolehgajian melalui pembudayaan keusahawanan sosial. (b) mengkaji pendedahan ilmu asas keusahawanan sosial dalam membuka peluang kerjaya baru dalam bidang penyediaan perkhidmatan untuk warga emas dan orang kurang upaya melalui keusahawanan sosial.

Inovasi Sosial dalam Perniagaan Perkhidmatan Penjagaan Warga Emas

Berdasarkan Rogers dan Shoemaker (1981), penerimaan atau penolakan masyarakat terhadap sesuatu inovasi/idea perlu melalui empat tahap, sama ada berurutan atau sebaliknya, iaitu: (i) pengenalan, (ii) bujukan/persuasi, (iii) keputusan dan (iv) pengesahan (*confirmation*). Sebelum seseorang individu dapat membentuk minat terhadap sesuatu inovasi/idea, seorang individu perlu mengenali/memahami tentang sesuatu inovasi supaya dapat meneroka pengertian bagaimana inovasi itu boleh berfungsi. Penilaian seterusnya mula menunjukkan peningkatan pengetahuan ingin tahu lebih mengenai sesuatu inovasi itu. Jika berminat, maka individu tersebut akan membuat keputusan menerima atau menolak inovasi tersebut. Jika maklumat yang diperolehi baik dan menepati kehendak individu tersebut, kebarangkalian untuk menerima inovasi sangat tinggi. Namun jika ianya tidak menepati kehendak dan jangkaan individu, maka kemungkinan inovasi dan idea itu ditolak.

Perkhidmatan Transformasi Bandar (*UTC*); perkhidmatan intervensi untuk tadika/taska, anjung singgah untuk gelandangan, penagih dadah (*Cure & Care*), *Everyone Can Fly* (AirAsia); Talian Nur; Perkhidmatan untuk anak yatim dan warga emas, ibu tunggal dalam penjagaan komuniti; *Charity Shops*; Mikrokredit; *ZeroWaste*, wikipedia, pendidikan jarak jauh, pertanian bagi masyarakat bandar, penggunaan tenaga

suria, dan sebagainya merupakan contoh inovasi/idea baru yang memenuhi kehendak dan keperluan masyarakat atau rakyat bagi meningkatkan kualiti hidup dan memperbaiki sistem penyampaian perkhidmatan kerajaan. Walau bagaimanapun, terdapat jurang yang sangat luas antara masalah sosial masyarakat di negara kita berbanding dengan skala penyelesaian yang ditawarkan. Justeru itu, kaedah baru, idea baru, prototaip baru perlu dijangkau dengan segera melalui inovasi sosial. Jangkauan bidang bagi menangani isu nasional adalah seperti perubahan iklim, penyakit berjangkit, kekurangan bekalan air; penyelidikan yang memenuhi kehendak pasaran; dan pendidikan pemikiran serta kreativiti yang tinggi (UPE, 2016). Kerajaan telah mengenal pasti bahawa inovasi merupakan pemacu utama dalam mewujudkan peluang baharu bagi meningkatkan kualiti hidup dari segi ekonomi dan sosial antara kerajaan, universiti, industri dan masyarakat yang bermatlamatkan menjana kekayaan melalui inovasi dan idea baru. Model ini merupakan kolaborasi baru NBOS yang menumpukan kepada kerjasama semua pihak bagi meningkatkan kesejahteraan hidup masyarakat.

Kesimpulan

Perancangan perniagaan dalam bidang penjagaan warga emas merupakan idea perniagaan yang terbaik untuk jangka panjang. Pecutan pertumbuhan penawaran dan permintaan terhadap perniagaan berasaskan perkhidmatan dan kemudahan untuk warga emas dan orang kurang upaya adalah amat tinggi. Antara idea perniagaan untuk warga emas ialah penjagaan bukan berasaskan perubatan atau kesihatan, perunding kewangan dan sokongan sosial, perniagaan penjagaan kebersihan rumah dan persekitaran, *retrofitting@remodeling* rumah warga emas sedia ada; peneman bersantai, riadah atau pelancongan; perunding pemakanan dan pengambilan ubat-ubatan; kemudahan pengangkutan 'ala grab' dan penggunaan ICT untuk pembelian atas talian dan sebagainya. Idea perniagaan segmen pengguna warga emas ini semakin meningkat, justeru itu masyarakat Malaysia perlu merebut peluang ini selaras dengan ekonomi gig dalam pelan RM ke-12.

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GREEN SUSTAINABLE SMEs

By Divyashini Keasindra

Small Medium Enterprises (SMEs) play an important role in the economic growth of Malaysia in terms of employment and gross domestic product (GDP). To be precise, SMEs form 98.5% of the total establishments in the country and according to the latest mid-term Review of the 11th Malaysia Plan 2016-2020 report, SMEs are expected to contribute up to 41% of the country's GDP by 2020. However, due to an array of critical problems, SMEs are unable to compete and sustain long enough in the market. Somewhere along the business cycle, SMEs are believed to be wiped out by the larger multinational companies. These words were commonly found in articles which discussed the SME practices in Malaysia.

While most researchers argue that larger corporations are dominating the business world and crowding out the SMEs with their remarkable sustainable competitive advantage, many have failed to grasp the notion that larger corporations may be bigger in terms of share capital but they are not necessarily more "powerful." This is simply because competitive advantages in this age of fast-changing business trends are no longer sustainable but transient in nature. Thus, companies regardless of their size and nature need to constantly find innovative ways to sustain in the market. This simply means that SMEs have the potential to withstand larger corporations at any point in time. All that the SMEs need to do is to differentiate themselves from the rest. In fact, according to Entrepreneur.com, one way of doing so is by studying the competitors to understand the current trends. In doing so, SMEs will be able to appreciate the competitive environment and to adopt ways to perform better than their competitors.

Meanwhile, in Malaysia, there is a growing trend among the larger corporations towards "green sustainability" which is said to be the new "sustainable competitive advantage". The signs of global warming and pollution are overwhelming and more complex than just climbing temperatures. Multinational companies are going an extra mile into their CSR initiatives by "going green" and using eco-friendly products or even conducting CSR programs such as "plant a tree" programme.

However, as for the SMEs, green sustainability is still far away from their radars and relatively new to Malaysian SME owners or managers. The concept of a green revolution in Malaysia is still at the infancy stage. It is in fact, judicious exploitation of techno-commercial opportunities and redevelopment of business models, which are often neglected by the SMEs. SMEs have failed to recognize that, by investing in green sustainability, this may give them "power" to implement innovative solutions, compete with established markets and create a new market niche. In other words, this could act as a differentiation strategy tool for the SMEs to compete with the larger corporations.

The reason being, many of the larger corporations in Malaysia have proven their success in gaining loyal customers through their CSR initiatives or by adopting green sustainability as their strategy. For example, Sime Darby Property Berhad has managed to capture the market by building houses with extreme class and greenery surrounding the unit. Sime Darby strategic move of incorporating the environmental elements is applaudable as customers do not mind paying for the price of the house. The company has in fact managed to clinch the top 3 top spots in The Edge Malaysia Top Property Developers Awards (TPDA) 2018. Not only that, Sime Darby Property Berhad is currently working on carbon-neutral houses called "Sime Darby Idea House" which will be South-East Asia's carbon-neutral home to showcase how sustainable housing can be developed to minimize mankind's impact on the environment and depletion of natural resources. This shows that Sime Darby is taking a long term strategic planning and thinking about what the organization can do now in order to exist successfully well beyond the career of the current managers. Such innovations do not only create excitements in the minds of customers but it also helps the company to be sustainable in the long run. Figure 1 below shows the prototype of the Idea House proposed by Sime Darby.



Figure 1: Sime Darby Carbon-free Idea House Prototype
Source: SimeDarby Property.com

Apart from the larger corporations, SMEs in other countries have also proven successful in building green sustainable companies. Some of the popular areas in which small green businesses have been historically successful are renewable energy production (solar, wind and biomass), smart metering, building retrofitting, hybrid cars and waste recycling. However, only a handful of SMEs in Malaysia has in fact adopted green practices in Malaysia. For instance, SME Recycle Malaysia is one of the leading plastic recycling companies that has proven the validity of green industries in Malaysia. SME Recycle buys scrap plastic directly from waste management companies and recycling centres from all over Malaysia. They then supply waste plastic and packaging directly to factories that process this material back into manufacturing.

Moving forward, there is a number of areas in which SMEs can invest into but as far as established green industries, such as waste management and wastewater treatment are concerned, large corporations tend to dominate even in other countries. Thus, SMEs in Malaysia would be able to make a mark if they can introduce innovative processes and systems. Reason being, consumers in Malaysia often purchase product or service from a company which practices green activities as they are said to feel much more connected to such companies.

Nevertheless, most SMEs would argue that the cost associated in coming up with such innovations are high and that they are lacking the necessary fund; but it is not the case. According to Bank Negara Malaysia, the 'lack of funding issues' is, in fact, a perception and not a reality in Malaysia. From the latest bi-annual survey by SME Corporation Malaysia (SME Corp), 97% of SMEs which applied financing from the financial institution (FIs) were able to obtain financing. SMEs in Malaysia represent the fastest-growing financing segment among FIs as of 2017/2018. Figure 2 below shows the total financing given to domestic businesses in Malaysia. Apart from that, SMEs have also received a major boost from the 2019 Budget by which RM2 billion have been allocated under SMEs Green Technology Financing Scheme.

On that account, green sustainability may become a new narrative for the SMEs in Malaysia if it is taken seriously. With all the resources and help available to the SMEs, they may be able to become stronger than their competitors or at least build a reasonably sustainable company. Anyhow, SMEs should keep in mind that in order to be relatively sustainable, it is essential to deliver value, and by that, it means differentiation and worthwhile beneficial efforts to all stakeholders.

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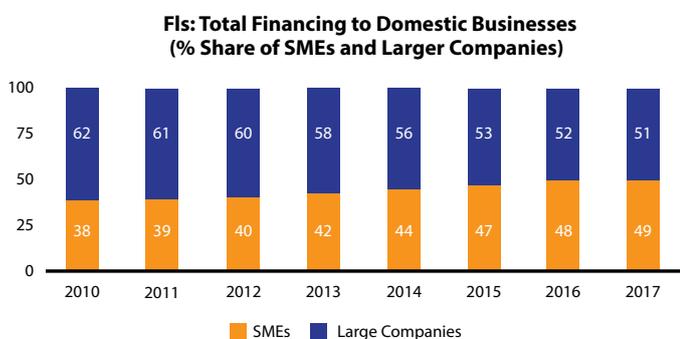


Figure 3: Total Financing Given to Domestic Businesses
 Source: Bank Negara Malaysia, 2018, www.bnm.gov.my

In addition, the Government of Malaysia has also organized many green conferences, seminars and campaigns for SMEs as a means to promote green sustainability among SMEs. All the platforms have been made available to the SMEs. It is up to the SMEs to take the effort to make this a reality and build their strength.

SERVICE SECTOR IN SMEs

By Nik Hasma Abdullah

Small and Medium Enterprises (SMEs) make up the vast majority of businesses in most countries. The term “SME” and its definition vary among countries and industries. Generally, it is used to describe a business entity that operates with a limited resource and produces modest financial returns in comparison to large corporate entities.

In Malaysia, the definition of an SME as endorsed at the 14th National SME Development Council, NSDC Meeting in July 2013 covering all the primary sectors; namely services, manufacturing, agriculture, construction, and mining and quarrying are based on the two main criteria which are sales turnover and number of full-time employees. The definitions are as shown in Figure 1 below, which is retrieved from the SME Corp. Malaysia. Additionally, under the new NSDC definition, all SMEs must be entities registered with SSM or other equivalent bodies.

Figure 1: Definition of SMEs

Manufacturing		Services and Other Sectors
Sales turnover: RM15 mil ≤ RM50 mil OR Employees: From 75 to ≤ 200	Medium	Sales turnover: RM3 mil ≤ RM20 mil OR Employees: From 30 to ≤ 75
Sales turnover: RM300,000 < RM15 mil OR Employees: From 5 to < 75	Small	Sales turnover: RM300,000 < RM3 mil OR Employees: From 5 to < 30
Sales turnover: < RM300,000 OR Employees: < 5	Micro	Sales turnover: < RM300,000 OR Employees: < 5

Source: SME Corp. Malaysia

Challenges faced by SMEs

SME plays an important role in helping Malaysia to achieve a developed high-income nation. As such, the Government, in the recent Budget 2020 tabled in the Parliament, has approved special allocations and funds with the aim to encourage growth, boost and strengthen its market share, in line with Malaysia’s Shared Prosperity Vision (SPV) 2030 and the 12th Malaysia Plan.

However, there are several main challenges faced by local SMEs in order to gain scale, financial strength and managerial talent to grow domestically as well as internationally towards realizing the SPV 2030. Figure 2 defines those challenges as financial issues, human capital, local market environment and technology.

Figure 2: Main Challenges Faced by SMEs



The financial issue has always been the biggest obstacle for SMEs as they need financing power in order to grow. The current financial crisis in Malaysia and the global economic uncertainty have caused Malaysian financial institutions to be more cautious with credit processing has become so complex and stringent that more often than not, SMEs find it more difficult to secure financing from banks because of this high requirement. The banks should support the government and businesses by giving swift and sufficient loans with lower interest rates. Other than such incentives, interest rates should also be decreased to enable businesses to increase their property value by buying premises, warehouses and cold rooms.

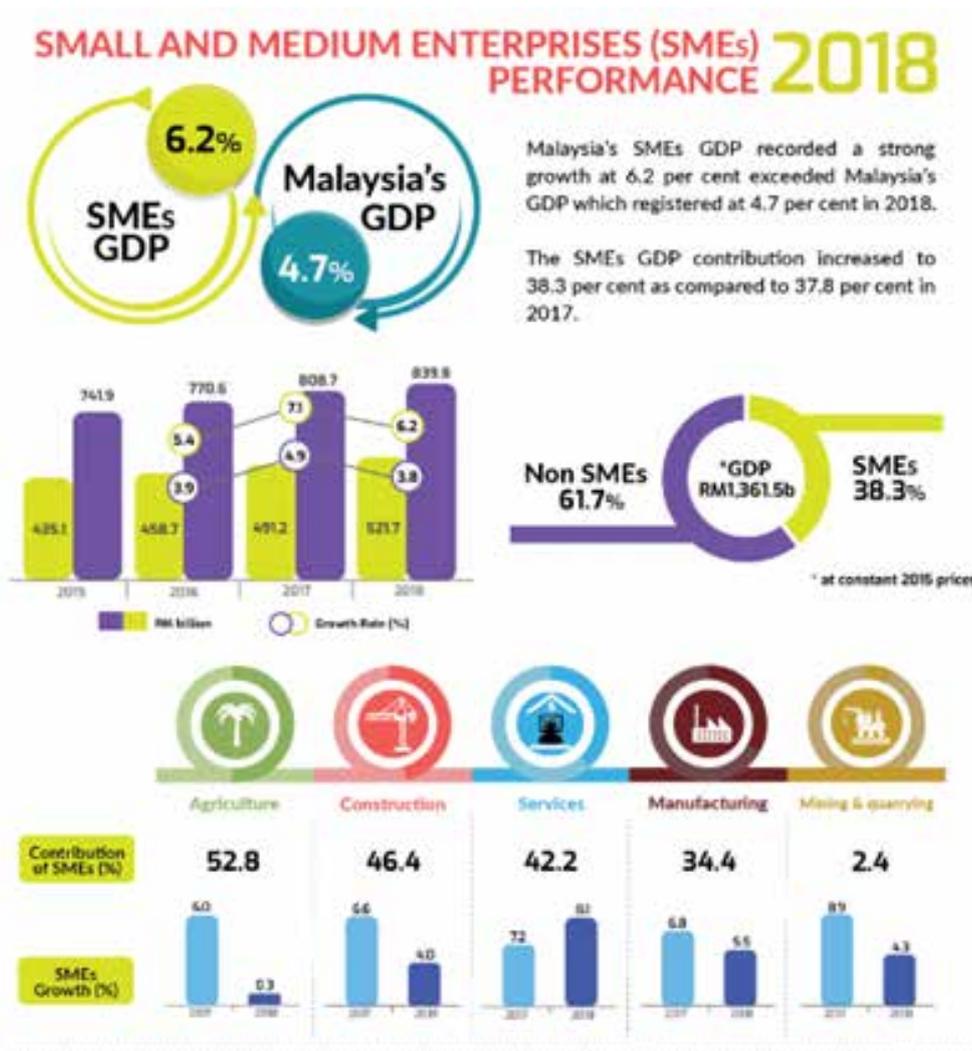
Human capital is another challenge facing SMEs. While the largest investment would be in technology and equipment, human capital playing an important role to complement it. Finding the right talent and capable candidates to suit the organization plan is tough for SMEs as compared to multinational companies.

Market conditions have a direct impact on SMEs growth. The increase in uncertainty in the market such as a significant drop in purchasing power of domestic consumers can cause a stiff business challenge to SMEs. When this happens, it is difficult to build up the consumer’s confidence and regain their purchasing power. Businesses have to reduce costs and improve productivity in the midst of adapting to changing market conditions. In addition, access to the market can be a major concern when competing with lower-cost producing countries as SMEs lack expertise in export marketing.

In terms of technological challenge, issues will mainly revolve around the financial constraints to acquire ICT and new technology and lack of expertise in ICT complexities and technical staff. Finding partners and vendors who are willing to transfer certain technologies is tough enough let alone transferring those technologies to SMEs. Other concerns involve difficulties in choosing the right technologies, allocation of time and effort on the new technology as well as dealing with uncertainty in technology like cybersecurity and data loss.

SME in the Service Sector

Over the years, Malaysia has seen strong growth in the SME sector. In 2018 alone, SMEs' GDP recorded strong growth at 6.2 per cent exceeding Malaysia's GDP which registered at 4.7 per cent. Out of the five main SME clusters (Agriculture, Construction, Services, Manufacturing and Mining/Quarrying), SMEs from the Service sector recorded growth that dominate the overall contributions by SMEs to the country's GDP (62.4 per cent). The SMEs' GDP of Services sector has also recorded a positive increase from 41.7 per cent in 2017 to 42.2 per cent in 2018.



Source: Department of Statistics Malaysia

Basically, solution selling is a method where a salesperson focuses on the customers' problems and attempt to resolve the issues by offering a customised solution of products and services. The buyer of such a solution would be expected to receive a package deal which is designed for the customer, depending on the knowledge and expertise of the solution partner.

Today, the majority of SMEs in the service and IT sector are offering 'solutions' instead of the traditional way of transactional selling. This is because by offering a solution, they will be able to charge their customers a premium on the customised and personalised packaged of products and services, making them a unique and important part of the business process for the customers.

However, this new sales approach is not easily understood or openly accepted by all. One of the issues faced is that management has some difficulties in understanding the process of products or services solutions selling. Due to that, they usually become stressed and frustrated when they find the expected boom in sales do not materialise.

Thus, the challenge is to understand what solution selling requires. This can be done by adopting a solutions-selling orientation through corporate philosophy and culture:

1. Management needs to determine which market segments they want to approach;
2. Management should explore and identify how products or services need to be changed, extended or adjusted, to accommodate the expectations from buyers in the market segments. The key here is the 'expectations' as solution selling increases the value delivered to its customers.
3. The next stage involves a serious re-think about corporate philosophy in order to remain competitive and flexible in the sector. SMEs may need to partner with other businesses.
4. Once the above stages have been re-evaluated, companies can start looking at their sales teams where various activities that improve the sales approach can be considered.

Product and service selling is an art form whose gains and profits mainly depend on the salesperson's ability to identify a buyer's need and then introduce the benefits of a product or service that will closely and effectively satisfy that need. However, a solution selling differs from traditional product and service selling. For example, in order to identify a prescribed solution, the seller must know the value and not just the features and benefits of the product or service. Secondly, it is the buyers that define the solution and its value instead of the business that defines the products and services. These results in a more complex sales interaction between the buyer and seller whereby salespeople will need a broader business knowledge base as an industry expert and far greater analytical capabilities than the typical salespeople selling their products. They also need a different mindset and behaviour to be on top of their game.

A SMEs company that aims to increase its position in the market and contemplates the shift to solution selling must start with how the company thinks, strategize and formulate its corporate and sales strategy. These include human capital development through specific training to fully understand their products and services before presenting their sales pitch to the masses.

Next for Service Sector SMEs

There are thousands of new SME companies registered yearly and most of them are in the service and IT sector. Existing businesses need to incorporate new business methodologies and technology to stay ahead of the competition and remain relevant in the ever challenging and demanding environment. One way to do so is through solution selling. Furthermore, with the advent of the Fourth Industrial Revolution, all businesses need to be equipped with the latest technology and digital solutions in order to keep up with the latest market trends and ever changing customer demands.

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REVOLUTIONISING CUSTOMER LOYALTY PROGRAMME THROUGH BLOCKCHAIN

By Puteri Amirah Zulaikha Burhanuddin

Consumer preferences around loyalty programmes are evolving quickly. According to a recent Worldwide Pulse survey, family and friends are significantly more persuasive than celebrity or blogger on loyalty (43% versus 24%), and simultaneously 20% of the customers in the age group of 18 to 34 are willing to publicly endorse an organization via social media to show their loyalty. On the bargain offering, repeat customers generate 40% of the sales from a store. Ultimately, loyal customers will spend more, be bound to convert when they visit a store and be more likely to become brand promoters as well as championing the brand image to other potential customers. Sometimes, the inconvenience involving cards or complex registration processes cause these conventional loyalty programmes to drop out of favour with present-day customers. Rather than enhancing the customer experience, they can really have the contrary impact by lessening customer enthusiasm with complex rules and transactional rewards. The issue, particularly for small and medium-sized enterprises (SMEs), is that loyalty programmes have quite stagnated. Pretty much every business, big or small, offers some sort of loyalty programmes that lead to the absence of differentiation. In addition, the total purchase values are generally small in certain businesses making it incredibly difficult for customers to save enough points for high-value redemption and thus, leave several customers to feel somewhat unrewarded for their loyalty. The outcome is more than \$360 billion loyalty points laying unredeemed over the world.

It is about time the technological advancements are brought into the industry of loyalty programmes. Blockchain is one such innovation. It considers the creation of an exceptionally secure network of loyalty programmes that can exchange points between them easily and in a split second at no expense. It empowers organisations, from a local coffeehouse to an airline, to allow customers to exchange and consolidate loyalty points for high-value redemption. Take a small hairdresser store, as an illustration. Since customers, for the most part, just visit once per month somewhere in the vicinity, it will take a considerable effort to gain enough points to redeem for the next haircut. Customers may not be loyal enough to any particular hairdresser over some others. However, if the customer has the option to exchange their hairdressing loyalty points for air miles which are perceived as higher value, for instance, the customers may keep coming back to the said saloon.

Blockchain technology has a remarkable potential for transforming loyalty programmes as it enables retailers to minimise costs, control programmes in real-time, empower a friction-free system and allocate certain advantages to singular users. Blockchain can potentially allow instant and secure creation, redemption as well as the exchange of loyalty points for rewards between programmes, vendors and businesses

immediately and safely through the use of cryptographic evidence in a trustless environment, rather than trusted third parties or administrators. Additionally, blockchain has the ability to operate without intermediaries through a rigorous online protocol, well-programmed building blocks and smart contracts. A loyalty network system, incentive programmes and loyalty tokens are the key elements of such a blockchain solution.

Over and above that, blockchain technology is a game-changer for developing, maintaining and optimising business-to-business (B2B) and business-to-consumer (B2C) agreements. Tokens (coins) are necessary for encouraging users to act favourably within the terms of the agreement. As trustless distributed ledger, blockchain permits participating agents, to converge and communicate in one network without intermediaries and without compromising confidentiality or competition, integrating loyalty reward programme providers, administrators, system managers, customers and so on. Blockchain can streamline the execution and administration of its programmes with near-real-time transparency for loyalty rewards programme providers, resulting in cost savings that can be recognized in the medium term. For loyalty awards programmes with competitive advantages through a special degree of interconnecting networks, it is worth to join a blockchain-based system since with the flexibility to your own conditions and control how you want to align the customers with the reward programmes and others. Furthermore, an interlinked network of a blockchain provides a phenomenal scope of coverage for small operators.



Source: iStock

As far as the bargain hunters are concern, blockchain will allow multiple involved parties to record and access the transaction in near-real-time and increase the likelihood that a loyalty reward programme provider will be able to credit points faster

through coordination inertia. Customers are looking for a quicker redemption and thus, loyalty reward providers who do not take advantage to realise this may miss an opportunity to build a positive customer experience that can enhance loyalty. Basically, the reward application is the point of entry into the loyalty network through a digital wallet. Rewards application includes identities that store value in the form of loyalty tokens as digital signatures. The presence of the loyalty tokens and unique identifiers are updated and made available throughout the network on the ledger of each user.

Large loyalty rewards programme providers with well-developed systems will have unique opportunities to provide value-added services to other companies at the beginning of creating an interlinked loyalty network. A small business for which a bank offers merchant banking and treasury management services, by way of illustration, can gain access to the interlinked network of dynamic loyalty rewards of the bank. The bank can now provide the merchant with the opportunity to join the overall interlinked network as a provider with the merchant's own terms through its own customised rewards application. Presently the merchant, who has not previously had a scale loyalty programme, will have the opportunity to offer loyalty points to their customers that can be redeemed through a wider network. The bank provides a value-added benefit to its small business customers while the loyalty network receives another partner who can interact with other loyalty reward programmes which they previously have no access to. To illustrate, the local coffee shop that is granted entry by its merchant banking provider into the network will now have the flexibility to give its customers opportunities to use their loyalty tokens towards accommodation at a business or a hotel in another state of where it has little or no brand recognition before. In the advanced world where customers are progressively anticipating personalised offerings, blockchain will make it easy to connect to large and local partners as well as offering an extraordinary experience.

Since small and medium-sized companies often do not have the time or resources to handle a collaboration or loyalty programme, they may outsource infrastructure costs and liabilities to the blockchain. Whether it is loyalty programmes, cross-marketing, community-based fundraising projects or wholesale partnerships, blockchain rewards programmes open a new way for companies to compete with big business. By offering consumers the option on how to redeem their loyalty points, the value of a point's currency will enormously increase. This, in turn, drives further interaction with the members and eventually translates into more points and profits for the company. Consumers can help SMEs or unique local stores

in their community to compete with large companies based on value. In return, the company rewards buyers for loyalty by passing some of the benefits of entering the blockchain rewards programmes network to their customers.

Be that as it may, data use and privacy are hotly debated issues. The beauty of a blockchain-based loyalty network is that companies own and manage their customers' data somewhat mitigating concerns about privacy. Blockchain is exceptionally secure in itself and the data is encrypted. In addition, advanced digital contracts retain secure and private data. Blockchain-based loyalty programmes are not only potentially harder to hack, but they also have the potential to provide multi-level security that was previously not possible. Most important, all points are tokenised, granting them unique identities that are extremely hard to falsify. Additionally, more than 51% of its nodes need to be hacked to access or corrupt database on a blockchain.

In conclusion, loyalty programmes are experiencing a significant transformation after decades. Large organisations are augmenting new technologies such as Machine Learning, Artificial Intelligence and so forth to enhance their marketing strategies in order to make services progressively attractive. As a result, small businesses need to re-evaluate their approach to reward programmes. As the developments unfold, small businesses and their customers will have an exciting future by keeping abreast with technological innovation such as blockchain and thus, may be able to take advantage of the huge global businesses.

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ARTIFICIAL INTELLIGENCE FOR SMEs

By Muhammad Shahrin Ikhmal Abd Rahman

Is your company ready for Industry Revolution 4.0 (IR 4.0)? Generally, any technology capable of imitating the human brain's "cognitive functions" can be considered Artificial Intelligence (AI). AI is advancing rapidly around the globe as IR 4.0's undeniable driving force, yet research indicates that only 26% of Malaysian organisations have begun their AI journey. Moreover, those companies that have adopted AI technologies expect a 2.2-fold increase in their market competitiveness in the years ahead. Interestingly, the adoption of AI in Malaysia is expected to empower the level of innovation to almost double and boost the productivity of employees by 60% through 2021 based on Microsoft and IDC Asia/Pacific's report. Small and medium-sized enterprises (SMEs) can no longer ignore AI as it signifies an entirely new approach to solving business problems at such minimal cost. Therefore, the more ambitious and innovative SMEs can now incorporate AI into their operations to strengthen multiple business functions, thus offering a competitive advantage. From ride-hailing applications to smartphone voice recognition, AI already plays a crucial role in our daily routines without our knowledge. Useful AI-enabled applications such as automated text translation and speech recognition such as Google Translate are already on the market and used worldwide.

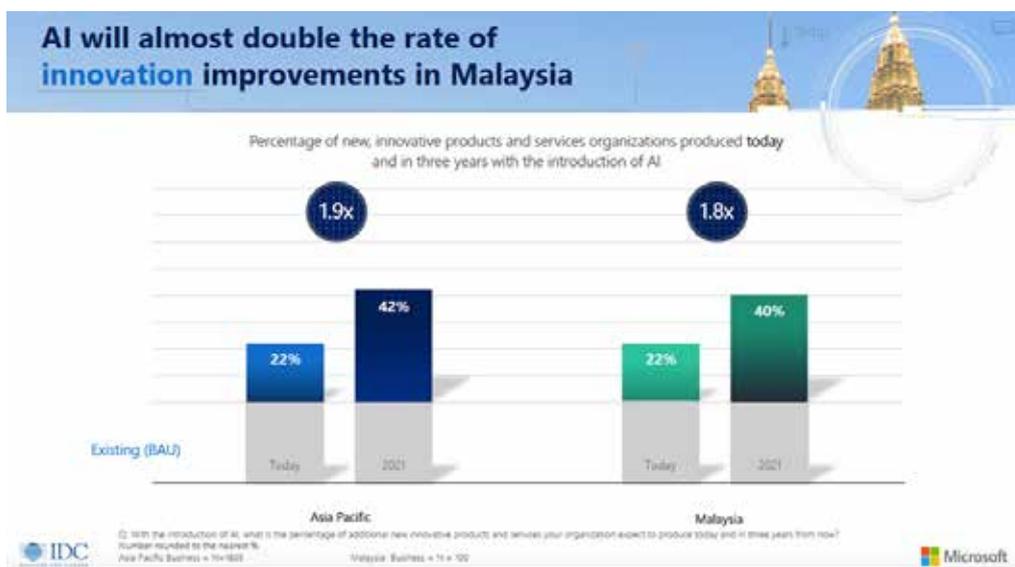


Figure 1 shows the data from IDC Pacific & Microsoft on Malaysia Innovation Rate with AI source: Microsoft Asia News Centre

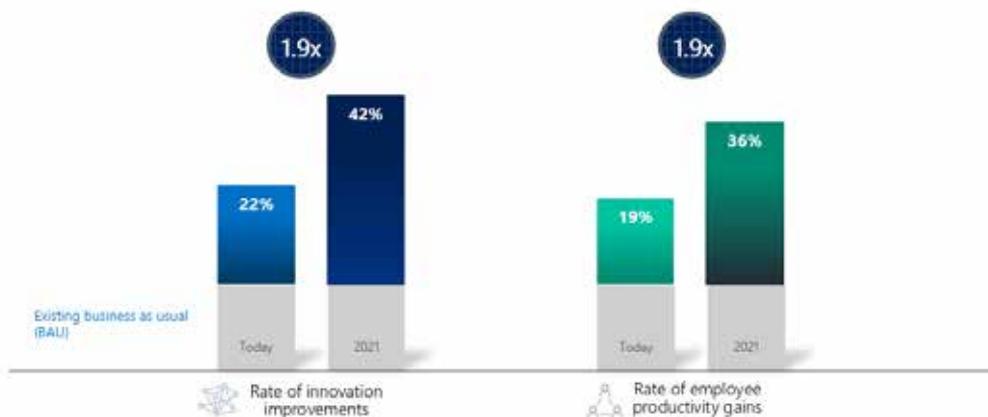


Figure 2 shows AI impact on rates of innovation and employee productivity improvements today and in three years source: Microsoft Asia News Centre

Customer Targeting

Data Analytics has become a key ingredient in a fruitful marketing campaign. Any organization that utilizes data analytics proactively may recognize the customer's behaviour and preferences on the market. Through such rich consumer information at your fingertips, focus groups can be precisely segmented based on their behaviour, making it possible to create personalized experiences at each point of the customer journey. A research conducted by Evergage and Researchscape International reveals that 88% of respondents thought that prospects and customers were seeking a personalized experience in any promotional material. The incorporation of AI technology into the Data Analytics mix will improve the company's ability to enhance consumer responsiveness. AI automated customer targeting enables the organisation to deliver marketing content to the right customers, ultimately increasing the conversion rate and maximising profit while minimising marketing costs. This AI-powered feature increases the effectiveness of any marketing campaign by directing resources towards the right market segmentation in particular. Through collaborating with AI tools, tracking posts on social media, reviews, and online user interactions would provide valuable insights to the organisation into the application of customer-targeting approaches. In brief, the AI-powered customer targeting encourages the organisation to sell smarter, sell quicker and surge up the conversion rate.

Dynamic Pricing

Although promotions can result in higher sales figures, they do appear to have a negative impact on the bottom line. The application of AI through Dynamic Pricing helps the organization to track patterns in consumption and evaluate more competitive product pricing while forecasting customer sensitivity on prices and special offers. E-commerce organisations may monitor and control the rates offered to the customer in compliance with current demand through the use of AI technology. The embedded AI technology on the website or mobile applications will monitor traffic, thereby lowering prices to attract customers while traffic is small and raising prices while traffic is heavy in real-time. In short, AI-based dynamic pricing is a system that automates the whole price assessment cycle in assistance to the organisation such as forecast demand and proactively alters the price accordingly. With great success, this principle can be applied not only to e-commerce organizations but to transportation as shown in Grab and Uber, entertainment and a wide range of other industries. Dynamic pricing and customer targeted incentives can be closely related to directing resources to the right customers while maximizing the value offered and ultimately increasing the customer rate of conversion and retention. In the sense of inventory management, the same principle can be applied where AI systems can forecast demand across all products in the inventory to modify ordering trends effectively while minimising dead stocks and avoiding stock-outs.

Competitive Intelligence

The implementation of AI in the business module is essential in order to create a sustainable competitive advantage and differentiation between competitors. AI-driven analytical systems provide the organisation with valuable insights into market trends and strategy patterns of rivals that can be used to adjust their business approach to outperform the competitors and creating sustainable competitive advantage. A range of AI analytics tools designed to monitor competitor actions such as price changes and consumer or brand buzz through various channels such as blogs, social media, and mobile apps. The analytical tools give the corporation a viable strategy by consistently monitoring the market activity, particularly as certain products have begun to gain momentum on digital platforms. Thus, utilize the data to start tackling the trend with its brand releases or advertising campaign. In turn, the analytical methods could also be used to identify the rivals' brand limitations, strengths and weaknesses. AI-powered machine learning capacity enables the organisation to identify patterns and insights so strategic decision-making may theoretically place the business to be sustainable in real-time or in advance.

Chatbots

Customer service is the foundation of any organisation to complement customer satisfaction and encompasses a complete company-customer relationship, from start to finish. The utilisation of Chatbots is recognizable as one of AI implementation today. A chatbot is an AI program that can mimic a natural-language interaction (chat) with a consumer via the organization's website, social media or mobile applications. HeyWire Business illustrates 52% of customers prefer a non-verbal communication instead of verbal communication to the organisation. Meanwhile, Gartner strongly believes in 2020, 85% of consumer connection toward the organisation will assist without human interaction. Chatbots, which act as a frontline customer service, enables an organisation to remain responsive and interact 24/7 to customer request by offering an essential solution for any simple or complex request instantly. Ultimately, Chatbots aim to have an interaction with a person rather than a machine. Indeed, it is an enormous opportunity and provides advantages for marketers to impress a new visitor, turn them into prospects, and later to potential customers. Also, AI conversational capability could be used for return policies, conversational communication and business information. Nonetheless, the effect of AI on customer service is also inevitable as it can also interpret customer data and provide valuable insights to improve future customer interaction and maximise customer satisfaction.

Potential Benefits of Chatbots

If chatbots were available (and working effectively) for the online services that you use, which of these benefits would you expect to enjoy?

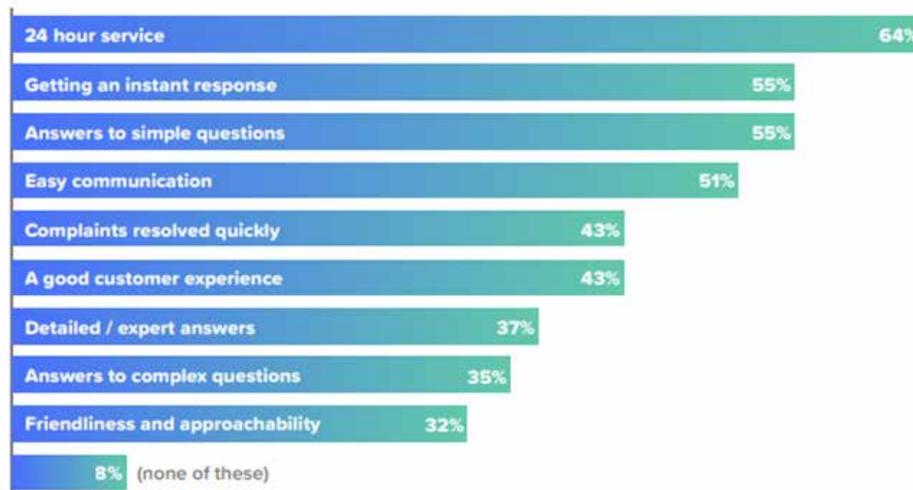


Figure 3 shows the Potential Benefits of Chatbots according to Drift, Audience, Salesforce & MyClever on 2018 State of Chatbots Report

After all, only some small businesses have been swift to adopt artificial intelligence's power and adjustments while others are a little more cautious. However, the truth is AI is here to stay no matter how your organisation leans as AI technology is capable of building an efficient and successful business ecosystem. Leaders of organisations need to recognise the nature of Transient Competitive Advantage in the industry, and AI could be one of the solutions for promoting innovation that continually builds new advantages. A survey by the Boston Consulting Group and the MIT Sloan Management Review indicates that 84% of customers accept that AI would allow them to achieve or maintain a competitive edge, while 83% agree that AI is a strategic necessity for any business today. Nevertheless, there is plenty of room for any company to start cultivating in the path of AI. For example, small and medium-sized businesses may make full use of free or trial AI solutions offered on the market by large technology firms such as Google to gain knowledge and experience with

this technology advancement. Companies will, therefore, benefit from the implementation of AI in various areas of daily operation and improve their competitive advantage and reputation. Various industries are able to benefit from the usage of AI such as Retail, Logistics, Education, Human Resources, Cybersecurity and many more. As they say, "unless you can beat them, join them," Artificial Intelligence is the way forward.

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DISRUPTIVE INNOVATION IN SMEs: OPPORTUNITY OR THREAT?

By Sharifah Nurhidayah Wan Mohamad Jaya



Who would have ever thought that a small company nowadays can gain much profit and outperform competitors easily as compared to the giant or established multinational corporations only with the support of technology and innovation? Without having any ownership on physical assets on business model they work on, well-known brands such as Airbnb, Grab and Netflix manage to beat competitors at an exponential pace and successfully dominate the market with the help of advanced technology. To be realistic, in this technological era, continuous form of innovation starts to bring endless opportunity and huge amount of profits for the opportunists who explore different ideas that bring competitive advantages for them. As mentioned by Clayton Christensen in 1995, the founder of the term “disruptive innovation”, it is a phenomenon of a simple application that can move up the market and demolish more established competitors.

The durability of disruptive innovation is mainly because of its power to transform existing market which makes product and services available in the market that used to be unaffordable or categorised as luxury products or services, to become more affordable. To support this statement, based

on a survey conducted before, in the view of the small-to-medium enterprises (SMEs), 25% saw disruptive innovation as an opportunity while another 29% considered it as a threat. In addition, there are also small businesses that respond positively to digital disruption acceptance as up to 18% seeing it as convincing opportunities for small businesses to enhance their business performances.

By looking at existing disruptive innovation nowadays, it shows that the latest form of technology can diminish the traditional way of how businesses work and give impact to organisations and businesses. Moreover, it is important to have this in mind where disruptive innovation could revamp the system, operations and employment aspect as it is able to eliminate the demand for workforce. As a matter of fact, it does really affect the recruitment of the workforce as it fully depends on technology which does not require huge number of workforce to get it done. However, those who can cope with fast pace technology can secure their job and contribute to continuous innovation for the business. Some might see this as a threat but every company who is working on disruptive innovation should strategise differently about their talent or workforce to ensure commitment to the shared goal, including

better communication so that the disruptive innovation the company currently working on stay in the right track.

To reemphasise on the significant of disruptive innovation, one of the famous examples that can be seen in Southeast Asia is the ride-hailing services such as Uber and Grab. Ride-hailing service was first initiated by Uber from the United States that offers mobile application where the user can request a driver to commute to a destination as requested. A few years later Grab came into the market and decided to acquire Uber and its overall assets in Southeast Asia. Grab was founded in Malaysia since 2012 and started as a small business that managed to foresee opportunity in the same business model to becoming the leader of ride-hailing application in Southeast Asia with up to \$1 billion annual revenue run rate. Just by running mobile-based ride-hailing service, Grab controls the transportation market and wipes out the opportunity for other competitors such as Go-Jek and taxi drivers. In the view of the transportation industry, taxi drivers doubtlessly lose their source of income and see disruptive innovation as a threat; however, Grab corrects the perception by collaborating with taxi drivers through the introduction of Grab Taxi where taxi drivers can also enjoy the opportunity from the same mobile application.

Furthermore, Grab does not offer just a normal ride-hailing service by car, but also come out with a different business model by using an application under the same name of Grab which is GrabFood. It is an application that allows the user to order food online and it will be delivered by their drivers at an affordable rate just by request on their mobile application. GrabFood creates opportunity for small businesses that are not capable of doing food service delivery and thus, can collaborate with GrabFood to increase their sales. As the company continuously innovating its business model, it also shows the convenience features from the various services offered to customers just by using the mobile application without the necessity of buying cars to provide ride-hailing service or of opening restaurants or café to deliver food to customers. It shows how small businesses can earn money from disruptive innovation just by having knowledge of technology as a game-changer and how a small business such as a café can benefit from disruptive innovation through collaboration or joint venture with others.

Another example of successful disruptive innovation is Airbnb. It is a platform that integrates people who want to rent out their apartment or home to travellers who are looking for accommodations in a certain area. The booking for a place to stay through Airbnb platform can be made online through their website or mobile application. This is much more convenient than walk-in to hotels that charge higher prices due to fluctuating prices when booked through website or sometimes fully booked as compared to Airbnb. Airbnb offers better options because it has varieties of houses or apartments at different prices depending on tenants' preferences. Up until today, Airbnb covers more than 81,000 cities and 191 countries worldwide. By providing online marketplace platform, Airbnb

has become a threat to hotel industry as it shifts the market demand from hotel bookings to apartment rental due to reasonable prices that the hosts and Airbnb can offer. The hoteliers are unable to compete effectively with Airbnb due to the unique business of Airbnb.

In addition, Airbnb manages to grow so fast in the industry mainly because it does not own any properties. It does not invest and buy any buildings, but instead, Airbnb runs its business only as an intermediary that provides an online platform for hosts to promote properties they wish to rent out and to communicate with potential tenants in the area. In fact, the main revenue for Airbnb comes from the service fees, of every booking, depending on the local or international tax laws implementation, at 3 per cent from hosts' charges. For individuals who have limited financial resources and have interests in resort and hotel business, they can actually see Airbnb as an opportunity for them to rent out their property at a trusted website.

However, looking back to the background of both examples given, the companies started just as small or medium type of businesses. It provides insight for SMEs that they are capable to perform better even with limited resources of monetary and technical support. It is important to realise that every existing disruptive innovation that currently exists have come out with completely new product or service offering and new business models that give tremendous impact on existing market and manage to attract consumers who enjoy the new value provided by these innovations.

Another example of existing disruptive innovation is Netflix, a platform where subscribers can enjoy watching exclusive series and movies more conveniently as compared to going to cinemas where they have to pay the movie tickets and queue. With Netflix, they can just enjoy their favourite movies and series at home either on their smartphones or personal computers. Before Netflix was introduced, there was no existing business model similar to it. It becomes the first initiator and able to sustain in the market until today.

Given these points, it is important to realise that embracing disruptive innovation is about using technologies in an innovative way to enhance the existing business model, especially for small and medium businesses. In short, disruptive innovation creates an opportunity for small and medium businesses with innovative business models, which could ultimately lead to more sustainable competitive advantages.

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ENHANCING THE COMPETITIVENESS OF TRADITIONAL HANDICRAFT INDUSTRY THROUGH DIGITAL STRATEGY

By Tiong Wenn Kae

In Malaysia, there is an amusing variety of traditional handicrafts due to the variety of races in the country. For instance, Batik and Songket from Malays, lanterns from Chinese, flower garlands from Indians and Borneo beads from the indigenous people from Sabah and Sarawak. Most people are familiar with the traditional Malaysian handicraft, but not many are aware of the actual processes and the real value of it, as well as its contribution to the Malaysian economy. According to the Tourism, Arts and Culture Minister, Datuk Mohamaddin Ketapi, the demand for Malaysian handicraft was high with sale of crafts exceeding RM370 million from January to September 2019. This indicates that the traditional handicraft industry in Malaysia can be a profit-making industry. However, the handicraft industry is facing a great challenge in the form of factory-made products. In term of quantity, the handicraft industry is not able to compete with the factory; however, with the help of digital strategy, handicraft industry can have a chance to gain competitiveness in order to compete with the factory-made products.

Moreover, the target market of Malaysian traditional handicraft presents a challenge as well. Normally, Malaysian handicraft is liked and bought by tourists from other countries because they are interested in Malaysia's culture and wanted to have something special from Malaysia as souvenirs to be brought back to their countries. To local Malaysians, traditional handicraft is common and there is no need to buy the products. Due to this, the traditional handicraft industry has lost a market with great potential. Therefore, it is important for traditional handicraft artists to start targeting the local market instead of just tourists from overseas. To attract the attention of local market on traditional handicraft, the entrepreneurs must come out with a series of good products that can change the perception of locals towards traditional handicraft, and promote the products through digital marketing strategy. For example, woven good is one of the famous traditional handicrafts by the indigenous people in Malaysia but most of the locals are not interested in it because woven goods are usually baskets, strainers and some other household products. In order to make woven goods attractive to local customers, woven handbags can be made since woven handbags have been a trend among women nowadays. The handbags can be posted on social media like Facebook and Instagram or online retail stores like Lazada and Shopee to be sold at a good price.

At present, most of the traditional handicraft stalls are operated by the lower educated locals. They can be found mostly nearby tourism spots. A good example can be found in Sabah. On the way to one of the famous tourist spots, Kundasang, there are many stalls selling similar products such as woven goods and Borneo beads on the roadside. Selling the products in such a way can barely get attention from people because the stalls are not outstanding enough to catch attention from people passing by. Also, every stall is selling the same products that lead to intense competition. In addition, the condition of

handicraft stall is not as comfortable as in the shopping mall. Hence, people, especially the locals are not interested in buying the product.



Figure 1. Traditional handicraft stall that can be found in Kota Kinabalu, Sabah.

Source: MySabah.com

In this case, the digital strategy can play an effective role to market the traditional handicraft better. The most suitable digital marketing tools for traditional handicraft are through website, social media and email marketing. Through the website, an entrepreneur can spend lower costs on advertising because promoting business through website is less expensive compared to printed media, radio and television. The website also allows customers to access to any information about the products. The most significant benefit of having a website is to build good relationship with customers. Relationship marketing builds a relationship with customers to provide certain sense of exclusivity that leads to customer satisfaction and finally to customer loyalty.

Through social media, an entrepreneur is able to communicate with customers easier and faster. Many information about products can be disseminated directly through social media. Besides, social media channels that are bound to the brand's website can directly help to increase website traffic and thus, help to increase the exposure of website to the public. In addition, social media can help an entrepreneur to keep track with competitors. By observing competitors' moves through social media, one can learn from the competitors and do better than the competitors. As for email marketing, it is a good digital marketing tool because of the personalised and customised content.

Next, email marketing helps to build brand identity by giving out information about products directly to the customers. The content of the email must be valuably impressive to the

customers. For SMEs, optimising time and budget is most important. Through email marketing, entrepreneur can save a lot of time as compared to preparing and distributing flyers. Other than that, an entrepreneur also saves costs on printing flyers and labour costs for flyers distribution.

The best example of handicraft entrepreneur that implements the digital strategy is CRAFT LA, a Malaysian enterprise that provides platform for local artisans to sell handicraft products and offer handicraft workshops online. The business model was inspired by an artisan friend of the founder that motivated him to help his friend in marketing the handicraft products. The business model is similar to Airbnb because it provides a web platform and collaborates with many other

local handicraft artisans and helps them to go online. Besides selling products, CRAFT LA also searches for artisans who love teaching and conducts offline workshops as well as helping them to produce online workshops through video tutorials. Since the target market is mainly young adults, social media and digital marketing is the most suitable tool to help in the business expansion. Comparing with the traditional handicraft stall, CRAFT LA has a competitive advantage due to its online business that requires no physical store. In addition, its business can go global with less effort through the Internet. Hence, this new business model that is completely different from traditional handicraft store has a greater chance to attract younger local customers.

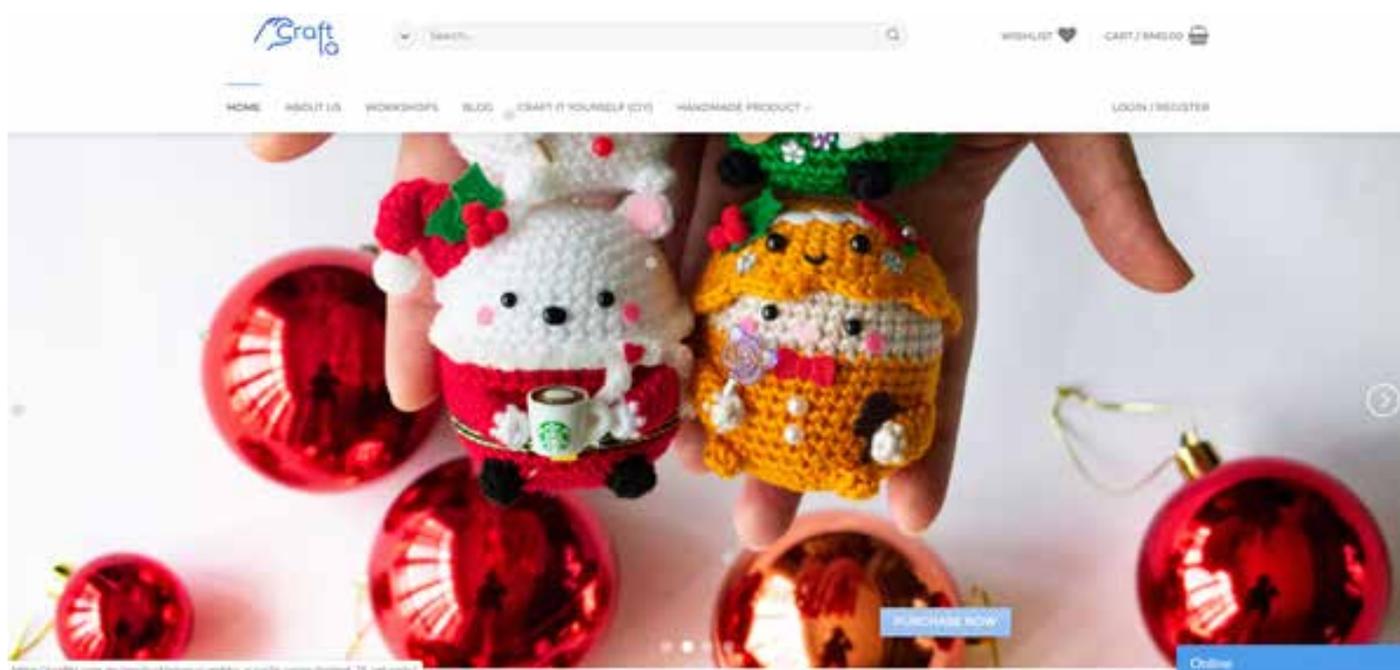


Figure 2. Official website of CRAFT LA with Christmas theme and neat webpage design. Chatbox is available at the right bottom corner of the website.

Digital strategy can be very convenient to SMEs but there are some precautions in implementing it. Digital strategy requires many technologies, for examples, owning a website involves choosing the browsers, designing the website through Cascading Style Sheet, programming languages, the frameworks of website, and databases. Entrepreneurs have to understand the mechanisms behind a website before creating and operating one. As for social media, entrepreneurs must pay full attention and effort on it to stay connected with the customers. Implementing email marketing requires precaution because emails are sent directly to customers personally. Mistakes are not allowed to appear on the content in order to avoid misleading the customers.

In short, the traditional handicraft industry has to start moving forward towards digital marketing strategy to be competitive in the market. Implementing digital marketing strategy may seem easy but entrepreneurs must understand the mechanisms and technologies behind so that they can optimise the digital tools in promoting Malaysian traditional

handicrafts. More entrepreneurs should follow the footsteps of CRAFT LA to create a new business model by utilising a digital strategy that copes with the market trend for better promotion of the very unique and diversified Malaysian traditional handicraft.

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PROMOTING EMPLOYEE'S ENGAGEMENT IN SMEs

By Kamarul Redzuan Nali

Small and Medium Enterprises (SMEs) involve manufacturing companies that provide support services related to the manufacturing with the amount of annual sales not exceeding RM25 million and the number of employees not exceeding 150 people. Most of the small and medium industries are the main part of the economy in the country, which accounted for over 98% of its total business and contributed more than 65% to employment and over 50% of the GDP. In Malaysia, SMEs have the potential to contribute significantly to the economy and provide a strong foundation for generating new industry growth while strengthening the existing industries.

The existence of SMEs has provided and opened a wide range of employment opportunities, especially for the low-income rural population. This is because there are many business opportunities in various sectors that can be explored through SMEs. Malaysia and several other countries including South Korea, Singapore, Indonesia, and Thailand are also regarded as part of developing countries that have taken early initiatives in promoting small and medium industries. This is done with their awareness that the SME sector can have a positive impact on the economic development of their countries.



Current Situations and Problems

According to the SME Corp. Malaysia, SMEs have a distinguishing feature in terms of product type, organisation, capital, location, employee and production technology. In terms of SME product type, it is divided into two main types, namely consumer goods to meet daily needs such as food industry, textile industry, furniture industry, and handicraft industry; and the replacement or spare parts to support large industries such as car cushions, nuts, screws and so on.

The structure of the SME organization is quite simple. Most of the SME owners in Malaysia also acted as managers and supervise the employees at the factories themselves. In addition, to reduce production costs, part of the employees in SMEs consists of family members and relatives of the owner. Moreover, SME operators also employ part-time employees. Most of the employees are less educated or less skilled with low formal education, and less exposed to skill training and courses. This results in a high rate of turnover due to generally low salary of the employees. Consequently, there is a negative impact on the performance of the company because it is unable to operate in optimum conditions.

Suggested Solutions

In any business, the success or failure of the business is dependent on how the entrepreneur takes care of their business. The entrepreneur is the key factor in the success or failure of their business. An entrepreneur must have good traits that can be a model to others while helping to improve the business. This includes being diligent, hard working, confident in ability, able to accept the risk, be creative and fully realised of the need to achieve something better. Good and thoughtful thinking in making decisions is important. Successful entrepreneurs must be the one who can be an example to the other. In their organisation, entrepreneurs must always act rationally and be patient. A positive mind in any matter is very necessary. This is because any hasty action can lead to a negative effect. All the positive features that are involved will lead to a positive response from various parties, especially to employees.

Employee's welfare also must be well maintained so that employees feel comfortable to work with their employer. This will reduce employee turnover. The employer needs to find ways to improve employees' engagement in the workplace. These must be tailored to the unique needs and motivations of each individual employee. To increase the employees' engagement, there are several ways that can be used at the workplace as listed below:

1) Goals Clarification

Every employee has a set of goals and responsibilities they need to focus on or work on. There are times when employees simply get mixed up or confused with what their role is in the organization. Clarifying goals and responsibilities is vital to increase employee engagement within the organization. A good leader is one who is there to help their employees to set goals and assist them when problems arise. To improve engagement levels in the organization, employers need to show their employees that they are there to help. Employers also can encourage employees to attend workshops and conferences or even invite guest speakers relating to the industry to give better pictures to the team. This will not only increase the employees' productivity level but also boosts the morale of the team.

2) Mentoring

Some managers do not bother to guide their employees because they are either too busy with their current workload or they are simply not bothered. Aiding those employees who are facing difficult issues, regardless of how busy the managers are, maybe can help to enhance employee engagement and for the managers to be seen as role models. Always offer help if the employee is struggling to complete the task or the task given to them requires extra help.

3) Encourage Flexibility and People Focus Culture

One of the best ways to increase employees' engagement in the workplace is by giving them some flexibility. This gives the employees the freedom to adjust their work schedules or location to better suit their needs. When given the flexible hours instead of the regular working hours, people tend to be more productive, happier and more engaged at the workplace. The company should encourage employees to practice a balanced lifestyle between work and their personal life and by finding out the responsibilities of the employees and considering initiatives that enable them to balance work and home life easier.

4) Employees Feedback

Employers are often the ones who give feedback to the employees about their working styles, office environment, workload, and others. However, this time around the employers should try ask for some of the employees' input. By asking the employees feedback, this makes them feel that their opinion matters and will feel appreciated. Allowing everyone, at every level, to play some part in shaping the way that service is delivered increases accountability and makes each individual in the organization feel involved. If the employees feel valued and understand, they will be more inclined to do so effectively.

5) Trust

A sincere relationship between employees and the management motivates trust and builds teamwork. As an employer, try the best to have a genuine relationship and develop a trusting workplace environment. When employees have this trust, they will then do not hide things from their peers or colleagues and will always remain honest.

6) Nice Working Environment

If the environment at the workplace is not completely comforting, every day can be a tiresome experience for the employees. Employers should try to do whatever they can to create a workplace environment that is unique and comfortable that reflects the branding of the company. The problem such as an air conditioner that is not working or even a weird smell in the office could influence the employee's moods and emotions. Making the workplace environment conducive is definitely a quick way to increase employee engagement.

Challenges in Implementation

Some organisations make employee engagement as the responsibility of the managers, while others believe that employees themselves should be accountable. The

organization should clarify that to promote employee engagement is the responsibility of every single part of the organization. The collaboration of everyone in the organization will promote a harmonious workplace. However, it is not easy to get everyone's commitment and cooperation in reality.

The most significant challenge is the mindset and the priority setting at the top management level. Managers are busy to make business strategies and may focus less on employee engagement. They do not administer engagement surveys to get feedback and this leaves leaders to assume or guess what matters most to their employees.

Improving engagement requires a high level of communication. In this information-saturated world, it is difficult to cut through the noise. It can be a challenge trying to get the attention of employees, and soliciting input also creates vast amount of feedback that can overwhelm the engagement team.

Conclusion

SME is one of the strategic movers in the economy of a country. It provides a wide range of employment opportunities especially for those who are less educated as well as those in rural areas. However, the constraints faced by SMEs led to the effort to move further into a rather difficult way. One of the problems faced is to gain commitment from employees. With the limited capability in terms of finance and technology that prevent SMEs from operating more efficiently and effectively, the entrepreneurs themselves as managers for SMEs should take the necessary initiatives to ensure that employee engagement is always at the highest level so that the organization can operate optimally and thus generate higher income.

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SOCIAL MEDIA AS A MODE OF COMMUNICATION IN SMEs

By Dineskumaran a/I Subramaniam

Small and Medium Enterprises (SMEs) contribution to the Malaysian GDP has continued to rise over the years and currently is valued at USD126.3B, which is about 38.3% in August 2019. (Digital News Asia Augusts 02, 2019). The SMEs in Malaysia has registered a growth of 6.2% in 2018 and are on track to achieve the target of 41% to GDP by 2020 as envisaged under the Dasar Keusahawanan Nasional 2030 (DKN2030) recently launched by the Ministry of Entrepreneur Development. Communication in SMEs is a challenge for the industry itself given the latest market innovation and technology advancement. SMEs rely heavily on communication for its operation and sustainability in the long run. A wide range of stakeholders is involved such as customers, suppliers, vendors, logistics partners, local regulation bodies, authority and the government at large. In the era of digitalisation and Fourth Industrial Revolution, SMEs have to use social media as a form of communication. SMEs must know how to make use of the outreach of social media and its effectiveness so that they could gain competitive advantage over other SMEs. Malaysian SMEs still face a big challenge in communicating and projecting themselves to local and global market. Social media communication among SMEs in Malaysia is still relatively low and many SMEs are reluctant to change and adapt to this new form of communication mode.



Communication is defined as the transfer and understanding of the meaning (Robbins & Judge, 2009). An effective communication process happens when the message is transferred from the source or sender to the receiver through the means of channels. The presence of noises in the communication environment such as physical distractions, semantics problems, cultural differences, mixed messages and absence of feedback can be of hindrance to the receiver. Social media platform serves as the channel and medium that the message passes through. In the SME sector, internal communications can happen in many directions. "Upward Communication" happens between the subordinates and their superior and is a form of communication that flows up in the SMEs organisation. "Lateral Communication" happens between the members of the SMEs organisation at the same

level and lastly, "Downward Communication" is the level of communication that flows down the hierarchy level of the organisation. External communication in SMEs happens between SMEs and their suppliers, vendors, customers, logistics partners, and other stakeholders.

Social media provides a channel and medium for the transfer of information through communication. There are 3 modes of communication that the SMEs can look into for their daily operation and effective communications. Social media is present in two of the three modes of communication. The first mode of communication in SMEs is "Oral Communication", which involves meetings, telephone conversations, video conference and the most common of all which is face to face communication. Since traveling to meetings and having face to face conversations takes up time and cost, SMEs are adopting telephone, video call and even video conference for a meeting within the organisation and with external parties such as clients, suppliers and etc. "Oral Communication" by the means of face to face conversation is getting lesser by the day in the SME business sector and is being replaced by communication through apps and social media. "Written Communication" in SMEs such as instant messaging, text messaging, presentation is also being enhanced by the utilisation of social media such as Facebook for messaging, reaching out to people, Instagram for posting pictures and messages and also using YouTube and Blogs for sharing about product and services with customers and potential suppliers. Lastly, the non-verbal communication such as body movement, facial expression, eye contact is still present in SME's and is not taken over by the globalisation and social media as it involves human physique and physical feedback.

Looking at social media tools and its purpose (Castronovo & Huang, 2012) it is evident that many of the functionality of social media and the intended usage of it can benefit the SME industry in Malaysia. Social media provides a form of connectivity and effective communication that is needed for the SME industry, as an eloquent form of information transfer and getting the message across to a wide range of stakeholders. A variety of tools is available for SMEs to explore and use to suit their business needs. Chat services such as FB Messenger and WhatsApp are used to communicate among employees and even higher management in SMEs as they are faster, more reliable and provides a mean for quicker response from the receiver. Facebook can be used by SME to create its company page and to advertise products or services. Facebook has a large segment of customer and market database which the SME can tap into to expand their businesses. SMEs can target specific audiences for their products and services through Facebook marketing communications. The customer community development for SMEs in Malaysia is more effective and impactful through Facebook communication. Within the organisation, employees have LinkedIn as a form of "professional social media", which provides a more work-

related environment and communication tools for the user. Employees can communicate with other SMEs for networking, building relationships and even lookup for potential logistics partners, suppliers, vendors, and even SMEs can approach each other for business opportunities through LinkedIn by looking up about a company to get insights and information about them. Other social media platforms available in the market such as YouTube, Instagram, Twitter, and Foursquare each provide their own advantages to SMEs such as content sharing, customer engagement, conversation propagation, increased network, and local connectivity. According to Castronovo and Huang (2012), social media can be used to achieve either one of the objectives for the business: establishing awareness, increasing sales or building loyalty.

SMEs must look into social media strategy and take advantage of the influential communication mode of social media. SME that associates itself in social media web/media applications and product/service specific blogs in some situations has shown an immense capability to engage with customers and eventually drive sales (Brychan & Geoff 2010, p.131). According to Neti (2011), social media give businesses on a small budget such as SMEs the avenue to find out people's opinion of their industry, without having to pay a large hefty sum for market research. SMEs can know about the market voice, need, wants and then coherently plan to target and cater to them. Social media applications have been growing beyond people and customers to attract the interest of businesses. According to Meske and Stieglitz (2013), social media communication is becoming pertinent for small and medium-sized enterprises SMEs. In terms of communication, there are many ways that SMEs can benefit from the usage of social media such as improved communication with customers, better interaction with vendors (Michaelidou, Siamagka & Christodoulides, 2011), market research, brand recognition, and market segment outreach. SMEs can benefit from investing in social media platforms and creating positions such as Social Media Moderator, Social Media Administrator and Social Media Manager in their organisations to regulate and take advantage of the current trend and technology to promote themselves better to the market segment. SMEs must be in-line with the demands of the target market segment and through communication in social media, they can position themselves better and ahead of the competition. The issue of investment and cost for social media communication adoption is low and SMEs can leverage on this quickly. Higher management of the organisations must acknowledge the importance of social media in communication for the SME industry and be open to adopting, adapting and adepting the technology.

In conclusion, being an emerging industry and with a progressive outlook ahead, the SMEs in Malaysia must take advantage of the benefit of social media in its communication to project themselves better to the market segment. The presence and influence of social media in the business sector are inevitable and embracing it into the business and operations of SME will provide a competitive advantage for the business and the industry as a whole. Effective communication through the means of social media will definitely favour the Malaysian SMEs in achieving their target growth of more than 6% yearly. Proper adoption techniques must come from the higher management of the organisation and well

communicated to all employees in the SMEs to ensure that the social media communication application is used to its full potential to propel the business and to communicate better with all the stakeholders in the SME industry.

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