



UNIVERSITI PUTRA MALAYSIA

**HUMAN RESOURCE DEVELOPMENT AND THE
NEEDS OF TRAINING DEPARTMENT:
A CASE STUDY ON
MALAYSIA PACKAGING IND BHD**

LIAW KHING HONG

GSM 1999 32

**HUMAN RESOURCE DEVELOPMENT AND THE
NEEDS OF TRAINING DEPARTMENT:
A CASE STUDY ON
MALAYSIA PACKAGING IND BHD**

BY

LIAW KHING HONG

**PROJECT PAPER SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**MALAYSIAN GRADUATE SCHOOL OF MANAGEMENT
UNIVERSITI PUTRA MALAYSIA
SERDANG
JANUARY 1999**



Dedication,

**To my beloved wife, father, mother
for their love, care, encouragement and sacrifices
and to those who have been people of influence
for bringing love, joy, thoughts and being supportive.**

ACKNOWLEDGEMENT

I would like to thank my supervisor and lecturer, Tuan Haji Yaakob Bin Ibrahim for helping me in writing this project paper. This project paper would not have been possible without his continuous guidance, advice and support. Besides that, I would like to thank all the lecturers who had guide and taught me along the way. Thanks also to my beloved wife, Elsie for helping and given me the morale support during the course period. Thanks also to my boss, Katsuyuki Inoue and Vincent Ling for their support in finishing the project paper.

ABSTRACT

The lacking of the long-term human resource development plan for Malaysia packaging Ind Bhd (MAYPAK) had caused the company to suffer from many problems like high turnover, high rejection rate, lack of skilled workforce, weak Sales and Marketing personnel and others. With the increasing demand from the customers for better quality products and services, had put MAYPAK in the difficult situation to cope with the demands. Without quality and competence workforce, the company has difficulty to cope with the increasing demand from the customers.

The importance of training in the human resource development was identified as one of the important factors for the company to be competitive. Therefore, the need to set up a training department in the company is the priority for the development of more quality and competent workforce in order to cope with the market demands.

ABSTRAK

Kekurangan perancangan terhadap pembangunan sumber manusia telah menyebabkan MAYPAK menghadapi masalah-masalah seperti kadar pemberhentian pekerja yang tinggi, kadar penolakan barangan yang tinggi oleh pelanggan, kekurangan tenaga kerja mahir, pekerja jualan yang lemah dan lain-lain. Dengan meningkatnya permintaan barangan yang bermutu tinggi dan perkhidmatan yang cemerlang, telah menyebabkan MAYPAK menghadapi kesukaran untuk memenuhi permintaan tersebut.

Latihan untuk pekerja telah dikenal-pasti sebagai salah satu factor utama terhadap pembangunan sumber manusia untuk syarikat ini. Oleh yang demikian, penubuhan satu jabatan latihan adalah faktor penting yang harus diberi keutamaan oleh syarikat demi menbangunkan tenaga kerja yang lebih berkualiti dan berkecekapan agar dapat memenuhi permintaan pelanggan di pasaran.

TABLE OF CONTENTS

	Page
DEDICATION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv & v
TABLE OF CONTENTS	vi & vii
LIST OF APPENDIXES	viii
CHAPTER 1 INTRODUCTION TO MAYPAK	
1.1 Background of MAYPAK	1
1.2 Business Activities	2
1.3 Company Structure	5
1.4 Company Objectives and Quality Policy	7
1.5 Human Resource	10
CHAPTER 2 BUSINESS CHALLENGES	
2.1 Labour Turnover	12
2.2 Management Value	14
2.3 Sales and Marketing Forecast	15
2.4 Rejection	17
2.5 Customer Expectation	18
2.6 Customers' Product Knowledge	19
2.7 Technical Personnel	20
2.8 Management Training	21
2.8.1 Human Resource Department Commitment	25
2.8.2 Training Facilities	26
2.8.3 Learning Curve	27

CHAPTER 3 CASE ANALYSIS

3.1	Case Title	29
3.2	Case Synopsis	29
3.3	Problem Identification	30
3.4	Problem Analysis	31
3.4.1	Complex Business Activities	31
3.4.2	Weak Leadership	33
3.4.3	Incompetence Human Resource	34
3.4.4	High Labour Turnover	35
3.4.5	Lack of Management Commitment on Training Development	38
3.4.6	Incompetence Sales and Marketing Personnel	41
3.4.7	High Rejection Rate	42
3.4.8	Lack in Management of Training Activities	45

CHAPTER 4 RECOMMENDATION AND CONCLUSION

4.1	Alternative Solution	52
4.2	Recommendation	56
4.3	Conclusion	63

APPENDIXES

BIBLIOGRAPHY

LISTS OF APPENDIXES

- Appendix 1 - Equity Structure
- Appendix 2a - Office Organization Structure
- Appendix 2b - Factory Organization Structure
- Appendix 3 - Age Structure
- Appendix 4 - Labour Turnover Comparison
- Appendix 5 - Resignees Analysis
- Appendix 6 - Rejection Result
- Appendix 7 - Training Budget

CHAPTER 1

INTRODUCTION OF MAYPAK

1.1 Background of MAYPAK

Malaysia Packaging Industry Berhad (MAYPAK) had been a specialist in flexible packaging since 1975 and was the pioneer in the flexible packaging industry. MAYPAK was established on 17th March 1975 and commenced operation in early 1977 primarily supplying basic packaging materials to local food manufacturer. It was set up as a Malaysian- Japanese joint venture project with the objective of meeting the needs for a local manufacturer and converter of high quality flexible packaging materials. The company was set up between the Malaysia businessman and the Fujimori Kogyo Japan Limited Company. The set up was also in line with government encouragement to set up import substitution industry for the transfer of foreign technology. In 1993, Fujimori Kogyo sold their entire share to the Ajinomoto Co.Ltd (Japan) company. Ajinomoto Group of Company was the major shareholder holding 45 percent of the total share.

MAYPAK was the first flexible packaging company to be listed on the Second Board of Kuala Lumpur Stock Exchange (KLSE) on the 16th August 1990 with the

paid up capital of RM21, 021,412 million. The ten- (10) major shareholders of this company are as listed in the attachment list (Appendix 1). The equity structure for the company is 66.69 percent Malaysian and the remaining were of foreigner. The company total work force was about 235 workers as of 31st Dec 1997. In term of market share, it was estimated that MAYPAK commands about 16 percent of the total market with its production capacity of 65 million square meters of flexible laminated film per year.

MAYPAK principal activity was manufacturing of printed and laminated flexible light packaging materials which is converting flexible packaging material into high quality packaging products for a wide cross section of industries, such as food, Chemical, Pharmaceuticals, Cosmetic, Medical devices and others. The final product for this company was in three principal forms namely, roll form, bag form and shrink labels & capseal form.

1.2 Business Activities

MAYPAK was producing more than 3000 type of products to about 300 customers yearly. The range of these products was of different combination of printed and

laminated base film like Cellophane, Oriented Polypropylene (OPP), Aluminium foil, Nylon, Paper, Polyester and Vacuum Metalised films. Apart from conventional packaging products like Noodles, MSG, Toiletries and Snack food, MAYPAK also specializes in producing high quality and special application packaging materials, for example, those used in medical industry, Prophylactics, Pharmaceutical products, Special food products and Additives and Cosmetics.

MAYPAK was considered a leader on the flexible packaging technology as a result of its innovative application development effort which had seen the launch of many new products, such as Retort Pouch, Silicon Coated Paper for sanitary napkins, Easy peel Lid Top, Breathable Pouch and others. The number of article and the various type of product had caused difficulty for the management to control the costing activities. Therefore, for the purpose of accounting, the laminated films were classified for use in 29 categories, ranging from seasoning, Snacks Food, Oil to Chemical, Medical Device, Pharmaceuticals and others. This categorization had helped the accounting department to speed up their financial result monthly.

The various major raw materials used in this company were inks, adhesives, paper, aluminum foil, resin (Polyethylene, Polypropylene, Appeal and Ionomers) and

plastic films (Polyester, Oriented Polypropylene, Nylon, Low Linear Density Polyethylene, Cast Propylene and others). Of these materials 50 percent were imported, mostly from the neighboring Asian countries like South Korea, Indonesia and Japan. The raw materials were order from these countries due to the high quality requirement on the end products by the customers. High-end products such as Retort Pouch packaging material for food and Medical Device packaging were some of the packaging material, which required high quality raw material to make.

In order to produce high quality packaging material, the needs for quality machinery with high technology, good raw material and reliable resources is crucial. MAYPAK had a number of high quality processes and facilities that were invested in the company few years ago. The processes and facilities that were invested were as follows:

PRODUCTION PROCESS	FACILITIES
Printing	<ul style="list-style-type: none"> • Six Colour Gravure • Eight Colour Gravure
Lamination	<ul style="list-style-type: none"> • Single Line laminator • Tandem laminator • Dry Laminator

Slitting	<ul style="list-style-type: none"> • Slitter
Bag Making	<ul style="list-style-type: none"> • Center and Three Side Seal Bag making Machine • Doy Pack Machine
Shrink Label	<ul style="list-style-type: none"> • Sleeving Machine • Cutting Machine
Plate Making	<ul style="list-style-type: none"> • Camera Development • Chroming Machine • Plating Machine

The quality of the operators was very crucial for the company, as majority of the processes required high knowledge and skilled people to operate. This is because most of the machines were required to operate at high speed and high precision. Since most of the machines were semi automatic therefore, required high skilled and high knowledge operator to perform the duties.

1.3 Company Structure

MAYPAK organization structure was as per the attached (Appendix 2a & 2b). The structure was a hybrid type that was of departmentalization concept. It adopted

part of both functional and divisional structure of the same level of management. The company practices the hierarchy management concept. The final decision making on the company major issue was by the MD. Deputy Factory Manager and Factory Manager are to report directly to the MD. The Department Managers are to report to the Deputy Factory Manager. In one Department there were few sections that is control by the Department Manager. Each section was control by the Section Manager. Executive and Supervisor are to report to the Section Manager

Since the new Factory Manager from Ajinomoto Co., Ltd. took over in 1993, the factory organization structure was changed from previously seven hierarchical levels structure to four level organization structure (Appendix 2b). Number of level in the factory organisation structure was classified down from the Department Manager level and below. With the new structure, some of the Senior Supervisor and supervisor were required to operate machine as to reduce the numbers of the indirect personnel in the company and each section. With this restructuring, the Factory Manager believed that the communication effectiveness among the workers could be improved.

As of 31st Dec. 1997 there are two expatriates (Japanese) working in the company. The Managing Director who was sent by Ajinomoto Company joined the company in July 1993 as Factory Manager cum Director. He had been promoted to Managing Director position on July 1997. His Successor for the Factory Manager position was taken over by another Japanese aged 38 who previously was working in Japan as the head of the Research and Development Team in the Parent Company (Ajinomoto Co. Japan). The parent company was producing Monosodium Glutamate (MSG). This was his first overseas assignment since working with Ajinomoto Co. Japan. Both the MD and the new Factory manager had no particular experience in the Flexible Packaging industry before joining MAYPAK. It is the parent company (Ajinomoto Group Company) policy that MD and the FM will be rotate after five years in service in one particular company.

1.4 Company Objectives and Quality Policy

Since established itself in the business more than twenty years, MAYPAK has no mission statement but the company has a set of long-term objectives and policies on quality as follows:

- *To attain long-run profitability not through hard-selling but through meeting and surpassing customers' needs and satisfactions*
- *To achieve market dominance in the field of flexible packaging through quality assurance and customer service.*
- *To be a dynamic, professive organization where entrepreneurship and personal initiative are stimulation.*
- *To development of human resources as an important asset of the company where teamwork is encouraged.*
- *To be a responsible corporate citizen which contributes positively to social development, protection and preservation of the environment.*
- *To lead the industry through continuous product innovation, development of packaging technology and application.*

The Quality Policy is as follows:

*“It is the policy of MAYPAK to provide quality products and services that meet the requirements of our customers. It is our commitment to remain as the Market leader in flexible packaging industry with respect to quality of products and services. ISO 9002 will form the basic foundation of MAYPAK quality systems with ultimate aim of achieving ” **World Class manufacturing.**” ”*

Development of the human resource for the company was one of the company important objectives where teamwork was encouraged among the workers. Besides that formulation of the responsible corporate citizen which will contributes positively to social development, protection and preservation of the environment was also one of the company long-term objective.

The Factory Manager had resolved and took action to put into practice the Company Objectives and Quality Policy of MAYPAK by hanging this Objectives and Policy on the wall of each section. This practice was done in order for the workers to have better understanding on the objective and quality policy. Besides that workers were briefed early of every years on the objectives and quality policy

of the company by their respective head. All the new workers were also briefed on the company objectives and quality policy during the orientation week.

1.5 Human Resources

The breakdown of the 235-factory employee according to the races was as follow:

Race	Factory		Office		Overall	
	Worker	%	Worker	%	Worker	%
Malay	137	68.5	10	28.6	147	62.6
Chinese	23	11.5	24	68.6	47	20.0
Indian	17	8.5	1	2.9	18	7.7
Others	23	11.5	0	0	23	9.8

The company management staff is as follows:

(Refer Appendix 2a & 2b on organization structure)

- Senior Department Manager - 4 person
- Department Manager - 4 person
- Assistant department Manager - 4 person
- Section Manager - 4 person

- Assistant Section Manager - 11 person
- Executive - 17 person
- Supervisor - 11 person

The remaining were office clerical staff, line leaders, operators and general workers. From the total of 170 blue-collar workers, eighty percent of them were having Sijil Pelajaran Malaysia (SPM) qualification. They are mainly employed as the machine operators. About eighty percent of the total employees in the company were of aged below 35 years. (Refer to appendix 3 on age structure)

CHAPTER 2

BUSINESS CHALLENGES

Over the last twenty years, competition from domestic and the region converters in the packaging industry had increased dramatically. Besides the external threat, MAYPAK had to deal with the internal factors which is equally important for the survival of the company. MAYPAK had been on top of the industry for the last fifteen years. It had fallen from the top to the third in the sales turnover and profitability table since the last five years. The Managing Directors was briefed by the Deputy Factory Manager on the dilemmas, problems the company is facing and the Department Manager concerned on the company long term Human Resource development program and strategies.

2.1 Labour Turnover

The company had a high percentage of employee turnovers since 1993 especially for the blue-collar workers. In 1997, labour turnover for the factory bargainable group (employee within the scope of Collective Agreement) recorded a total of 138 recruit with 120 resigned. (Refer Appendix 4 on the labour turn over

comparison) About 85 percent of the resignee were less than one (1) year of service as compared to 67 percent in 1996. (Refer Appendix 5 on resignees analysis). High turnovers have forced the company to resolve to some short-term measured by employed contract workers. The employment of contract workers were terminated few month later due to some disciplinary problem involving the contract workers and also the inability to perform the job as expected and required by the management.

Human Resource Manager reported during one of the Manager Meeting, “the company had spent a lot of money to employ these contract workers just to perform some unskilled job. It is not worth the money and it is better for us to take some drastic action to review our present workforce and also study why our company had such a high turnover. From the pre exist interview carried out by HR to those workers who left the company, most of them commented that they were left on their own to pick up whatever skill and knowledge during their employment and not properly train in the section concerned. The section manager and their senior workers usually did not guide them properly during the operation. One of the operators informed the HR Manager their superior had blamed them when mistakes were made as the result of their incompetence in carried out their work.

This had caused them to feel demoralize and scare to take any action and initiative during operation.”

The QA manager also commented on the difficulty face by the Department Manager, Section manager and even workers concerned who were carrying out the training for the new workers, where there were not enough resources to conduct proper training off job and on job. Proper training on technical and theory knowledge for the trainers were not conducted for them in order for them to carry out an effective training for the new employees. This was the reason why our new employee felt that proper training were not given to them. It is time for the management to look for better way to train not only our new workers but also existing one, she added.

2.2 Management Value

During the last meeting among the managers and the MD to discuss the human resource development for the company, the MD informed the Human Resource Manager that “External training on personal development program have to be control strictly from next year on ward. He added that personal development

knowledge could be learned from books, which are available in the market! We need more in-house program in order to develop more skilled workers, which is very crucial for our expansion program. We will concentrate more on training related to the work such as technical training and process control method. The MD also said that he observed some of the workers morale was low. He believed that were the results of the workers inability to perform the job better and as expected. This incompetence had caused high rejection on the process due to lack of skill and knowledge to perform their job properly and expected.” The MD instructed all the Department Managers and Section Managers to give training to their workers. He also commented that all the managers should concentrate more on the shopfloor than spending time on the desk.

2.3 Sales and Marketing Forecast

Production Control function in the company was very important in order to make sure goods was delivered as ordered by customers. The effectiveness of the planning was very much depend on the Sales and Marketing group cooperation. The difficulty face by the Production Control section in doing a good and effective planning had been a discussed and made known to the Sales group and the MD.