



UNIVERSITI PUTRA MALAYSIA

**CASE WRITING ON
THE TRAINING DEPARTMENT OF PM MALAYSIA**

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ABSTRACT

The purpose of this case writing is to identify and highlight the problems faced by the training and development department of PM Malaysia, one of the leading audit firm incorporated in Malaysia. the problem identified are such as skill of the training department organizer, skill of the trainers, poor training environment, negative perception of the participants and limited resources of the training department.

This case writing also suggests the potential solutions in relation to the problem encountered. Finally, the recommendations of the best solution have also been made based on the cost-benefit analysis.

ABSTRAK

Kertas kerja ini telah disediakan untuk mengenalpasti masalah-masalah yang dihadapi oleh bahagian latihan dan pembangunan PM Malaysia, salah sebuah firma audit yang terbesar and terkemuka di Malaysia. Antara masalah yang dikenalpasti adalah seperti kemahiran pengusaha bahagian latihan, kemahiran jurulatih, keadaan tempat latihan diadakan kurang memuaskan dan kekurangan sumber dalam bahagian latihan.

Kertas kerja ini juga mengemukakan idea-idea untuk mengatasi masalah-masalah yang dihadapi. Akhir sekali, cadangan yang munasabah juga telah dibuat berdasarkan analisis kos dan faedah.

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A Case Writing on Training Department of PM Malaysia (“PMM”)

Synopsis

Organizations get things done when people do their jobs effectively. To make this happen they need to be well trained. A number are likely to be involved in this training: identifying the needs of the organization and of the individual, selecting and designing appropriate training to meet those needs, delivering and assessing how effective it was. Its is not only ‘professional’ or full-time trainers who are involved in this process; personnel managers, line managers, supervisors and job holders are all likely to have a part to play [Sunny, 1993].

1.0 BACKGROUND HISTORY

PM International (“PMI”) is one of the world’s leading accounting and consulting firm. PMI provides a wide range of professional services such as auditing, accounting and taxation. Besides the traditional accounting and auditing services, PMI also offers consultancy services such as computer system training and development, corporate exercises including Initial Public Offer (to be listed in the Exchange Board), profit forecast for rights issue and restructuring exercise for the multinational companies.

PMI has a well-established worldwide network and it has more than 825 local operations in more than 157 countries globally. The local operations in various countries are set up through the forming of partnership (joint venture) with the local audit firms. The win-win situation is the local audit firms are allowed to use the trademark of PMI and in return, PMI will earn royalty for allowing the local partnerships to use their name. The PMI’s head quarter is located in New York, United State of America. Its total worldwide employees approximates 92,000 and the number is on an increasing trend as PMI has currently expanded its operation massively and penetrated the new market shares especially in the third world countries.

PMI's Global Mission Statement emphasizes that:

"PMI shall be the world's leading accounting and consulting firm. We shall achieve this by delivering the highest quality services – services that provide significant added benefits to our clients and that meet or exceed their expectations. We shall thereby build enduring relationship and be always worthy of our clients', our people's and society's trust."

By Paul Reilly

International Chief Executive Officer

PMI's Commitments towards Training and Professional Development

In view of the dynamic environment coupled with the rapid changes in the accounting and auditing standards, PMI recognizes that it is exceptionally important that all staff at all levels should possess the necessary technical and personal skills to provide quality services to the clients. Alistair Johnston, the Global Market Managing partner (London) is quoted to say that *"the fact is that PMI's international clients have already transformed themselves to match the demands of worldwide competition."*

These businesses are demanding global service solutions and are already using the best technology. They expect at least an equal level of professionalism from their advisor. As such, it is now critical for us to upgrade ourselves through the Firm's training program in order to serve them best" [PMI's International Magazine, Issue One 1998].

The message on how important the staff training has also been addressed by Jim McGuire, the Managing Partner of Global Consulting that *"for almost all of its history, PMI has relied on the informal knowledge sharing. However, like many organizations today, PMI has found its knowledge to be highly fragmented, compartmentalized, and largely unfocused. The information-based, global economy of today in which the Firm dose business demands that this informal knowledge sharing be transformed into a well-organized, cohesive knowledge management system that links the creators of knowledge, our professional training and staff, to users of this knowledge [PMI's International Tempo Magazine, July 1998].*

Realizing the important of professional development and advancement for the staff, and PMI believes that the success of the training is fundamental to the organization goal of being the foremost public accounting firm; providing the excellence advisory services to its clients.

PMI, through its international training center, provide continuous professional training programs and updates to its global partnership. The training department is steered by its Technical Advancement Committee to design and develop of the training courses

1.1 The Malaysian operations, PM Malaysia

PMI has merged with Pekan Megat and Co. (a local audit firm incorporated in Malaysia) and formed a joint venture entity, namely PM Malaysia (PMM) in early 1975. Initially, the foreigners, being the pioneer consultants dominated the top management of PMM. However, since early 1980, the management of PMI has undertaken a restructuring exercise to increase the involvement of the local personnel in the management floor. Today, the management comprises mainly the local partners who are responsible to set the business goals and strategies as well as the employees' training program to meet the PMI's global organizational goals.

Today, PMM has rapidly expanded to be one of the largest accounting firm in Malaysia. It has 15 establishments throughout Malaysia. Its total staff force approximates 2,500 with 800 personnel stationed in the head office at Damansara Heights, Kuala Lumpur.

Besides using the established trademark, the PMM is also benefited from the update of technical development and advancement from PMI. PMI has given a high commitment to support the local firms in this context.

Embodied within the PMI International Mission Statement is the PMM's Mission Statement that sound:

“PMI is the first choice accounting and consulting firm proactively servicing principally the premier business community, offering superior value, technical competence and the highest professional standard through its high professionalism”

By Abdullah Jaafar

Senior Partner, PMM

1.2 PMM's Training Department Structure

PMM's training department has been formed to undertake the design and development of training program to achieve the organizational goal, i.e. enhance the technical knowledge of the staff to meet the clients' expectation.

PMM's training department consists of 10 personnel, comprising a managing partner (head of training department), two line partners (technical advisors to the head of training), a senior training manager, two officers and four support staff.

The organizational structure of the training department is depicted as follow
Appendix I

Managing partner

The managing partner, Mr. Hew Lee San heads the PMM's training department. Hew Lee San is principally responsible for the success of the entire training department. His roles include the followings:

- Developing the contents of each training course, which suit the level of the staff;
- Preparing the budget of training; and
- Allocating the resources of training.

Line partners

Mr. Ng Gin Wah and Encik Abdullah Halem are the line partners, basically undertake the monitoring function to ensure that the training courses are established based on the PMM's goals and applied to all disciplines within the firm, i.e. audit, tax and management consultancy.

All the training and line partners are professionally qualified. Hew and Ng Gin Wah hold the *Malaysian Association of Certified Public Accountant (MACPA)* qualification whereas Abdullah Halem is a chartered accountant and the member of the *Australian Society of Certified Public Accountant (ASCPA)*. Each of them has a minimum practicing experience of not less than 15 years in the audit profession.

Senior Manager Training

Miss Ooi Lian is the senior manager of the training department. She obtained her accounting qualification from the Universiti Malaya in 1990. She has been working as a senior manager in other audit firm for approximately ten years before joining PMM. Her responsibilities include arranging the training timetable preparing course materials and allocating the staff from the various departments into the training schedule. PMM currently has six departments with number of head count ranging from forty to sixty persons each.

Technical Development Officers

David and Joe are the former audit senior staff who have been transferred to training department to assist in developing the training program and preparing the training materials. David was made a senior audit staff in Audit Department Two and is specialized in banking and financial industry. Joe is a former semi senior audit staff from Audit Department Four and is well-versed in manufacturing and trading industries. David and Joe were transferred to the training department in mid 1996 upon the request of the training partner, Hew Lee San following the resignation of the two permanent staff in training department.

Librarian

Jaspal and Yasmin are librarians whose main job functions are running the PMM library. Apart from that, they are also assigned to collate and compile the new development in the various industries such as banking and finance, properties, plantation, manufacturing, security, investment holding from the newspaper and business magazine.

Clerks

Fanny and Rose are administrative personnel. They assist in preparing and delivering the training materials, arranging training venue, keeping the training log book for all staff and circulating the training memo to inform the participants pertaining to the training venue, timetable.

Technical support staff

Selva and Zul are the technical support staff who are primarily responsible for the production of course materials, preparation of training equipment (e.g. overhead projector, TV and video player).

1.3 Type and Nature of Training

The content of the professional development training courses is determined by the Professional Development Committee (chaired by Hew Lee San, Ng Gin Wah and Abdullah Halem) and is constantly reviewed to ensure that the courses are relevant and useful to the participants. The purpose of the course is to ensure that the audit staff possesses the techniques and principles underlying their practical work and to keep abreast with current developments in the relevant areas.

Course Structure

The PMM's professional development program is structured into the following categories:

1.3.1 Core Courses

There are four core courses designed for the newly recruited staff up to semi senior audit assistant, namely *Audit Core I, II, III and IV*.

Audit Core I

Course objectives:

To introduce the new recruits accounting and auditing theory and standard, and basic auditing techniques.

Audit Core II

Course objectives:

To give participants sufficient understanding of the firm's audit techniques and approaches. To also elaborate on professional risk management, quality service and professional conduct. This course also provides a comprehensive overview of some relevant International Accounting Standards (IASs).

Audit Core III

Course objectives:

To provide participants with a further understanding of the principal of PMM's audit approaches, to introduce participants to the Companies Act reporting requirements.

Audit Core IV

Course objectives:

To provide participants with the tools to effectively and efficiently manage small to medium sized audits and also a comprehensive overview of certain IASs and Malaysian Accounting Standards (MASs) [PMM's Professional development Programs, 1997].

Generally, the core courses aim to provide an overall understanding of PMM's audit techniques and approaches, and introduction to IASs and MASs.

1.3.2 Specialized Courses

The specialized courses primarily aim at staff who specialize in the special industries such as banking and finance, insurance, stockbroking, hotel and tourism, construction and real estate, petroleum extraction etc.

Course objectives:

To enable the participants to gain sufficient understanding of the accounting and auditing treatments in relation to the above specialized

industries. Also to provide guidelines on how to carry out the special audit.

1.3.3 Tax Courses

Corporate and withholding tax

Course objectives:

To equip the participants with a basic understanding of the basic corporate tax computation.

Tax incentives

Course objectives:

To provide a general understanding of the tax incentives available to the businesses in Malaysia.

1.3.4 External Courses

The external courses are referred to those non-technical related courses such as *Report Writing Skill*, *Negotiation and Presentation Skill* and *Time Management Skill*.

1.4 Conducting the Class

Participants will receive advance preparation materials for the respective courses, where applicable. The participants are required to do advance readings and preparation before the commencement of the course. A pre-course test will be conducted at the beginning of all courses with advance preparation and participants must obtain a satisfactory pass before being allowed to attend the particular course. Any one who fails the pre-course test will be *sent* back to the department. This is important if the participants are to obtain maximum benefit from the course.

A retention test will be conducted at the end of each course where applicable. The results of this test as well as the pre-course will be considered in the evaluation of the professional's overall performance and advances within the Firm.

The above mentioned courses are basically in-house training except the external courses which are out-sourced to the British Council Language Center. The managerial personnel (managers and above) who possess the respective knowledge and expertise will be assigned to conduct the in-house training.

Presently, the in-house training is conducted in the training room at PMM's Kuala Lumpur main office.

As the training course is held during the working hour, staff and the instructors will be pull out from the existing job in order to attend the training course. It is the individual responsibility to ensure that the existing job should be completed or significantly completed before attending the training course. Should they be required to report to the job, messages will be pasted at the white board beside the entrance of the training room. During the twenty-minute tea break session (at 10:30 a.m. and 3:00 p.m.) and lunch break, the individual who gets the message will go back to the working place to handle the issue arises. Some participant may even skip the class to follow up the incomplete job to meet the dateline as the training venue and the working places are at the same building. Should the messages considered urgent and important, permission may be sought from the Senior Manager Training, Miss Ooi Lian to interrupt the class in order to deliver the messages. Participants who are 'wanted' (to follow up the existing job) will ask permission from the instructor to dismiss from the class. Participants who are given the permission to "temporarily" leave the class will continue to disappear for the rest of the day. However, those staff will automatically turn up at the end of the course, as attendance will be taken during the beginning and ending of the training.

If the instructor is required to report to the job, other manager will be asked to take over the course. Should replacement is not possible, the participants will be asked to abandon the class and the replacement class will be arranged in future.

1.5 The Trainers

The trainers (audit managers), are well equipped with the technical know-how and believe that a fierce environment (similar to the working environment) should be created during the training session to ensure that the participants are working hard enough to understand the course delivered. Those who fail in the pre-course test will be asked to leave the class as a penalty. Similarly those who fail the retention test (at the end of the course) will be answerable to the training partner. Such failure will be recorded in the staff-training logbook.

Recently, more new managers have been promoted and the former trainers (senior managers) have increasingly delegated the training task to the new managers. The will help the senior managers to concentrate in the daily operations while allowing the middle managers to gain experience from the training conducted. The most preferred instructional method used by the new managers is lecture session as this method is straightforward and does not