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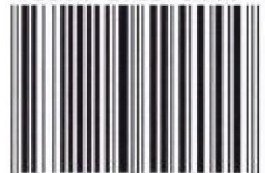
Volume 3

2021

e-ISSN 2716-599X

UiTM *di hatiku*

eISSN 2716-599X



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STRATEGIC MANAGEMENT ON MANUFACTURING INDUSTRIES IN MALAYSIA

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ABSTRACT

The strategic management lays out the organizational direction by putting in place plans and policies and allocating financial and non-financial resources to execute the plans. The strategic management is crucial to gain a competitive advantage for the organization survivals. Firms use strategy formulation strategies and external audit, which they focus on identifying and evaluating market trends and events beyond their control to achieve defined goals.

Keywords: Strategic Management; Performances; Manufacturing industries in Malaysia

INTRODUCTION

In the globalization era, strategic management has been considered as an important dimension of management, which differentiates organizations from one another. It is the key to organizational direction to achieve their vision, mission, strategy and objective as mentioned by (Phina, 2020); Strategic management is how the organization manages its resources in ensuring firms successful performances. A good strategic management must be implemented in order to increase their competitiveness and gain strategic advantages. In today's business environment, good strategic management becomes an important aspect for each business (LaMarco, 2018) The changing environment which characterizes the global economy today, puts pressure on firms to do things better, faster and at a low-(Taouab & Issor, 2019) than their competitors.

Manufacturing industries are more than just any industry that makes products from raw material by the use of labour or machinery and usually carried out production process systematically with a division of labour (AUessays, 2018). The manufacturing industry has many challenges and business leaders need to have a strategic management plan to navigate any potential problems that may arise. Despite the strong competitive market, it is proved that Malaysia is among the best among the emerging market economies in Southeast Asia in the ease of doing business that remains one of the low-cost alternatives (Odhiambo, 2016). Today, manufacturing is the fastest growing industry and has become a national economic development factor (AUessays, 2018). According to World Bank Group, Malaysia is amongst the world's top five performers in several areas measured by Doing Business (The World Bank, 2018). Manufacturing has played a vital role in the economic transformation of Malaysia and has given such a big success in economic growth and increased Malaysian gross domestic product (GDP) (Patel, 2020).

THE CURRENT SITUATION

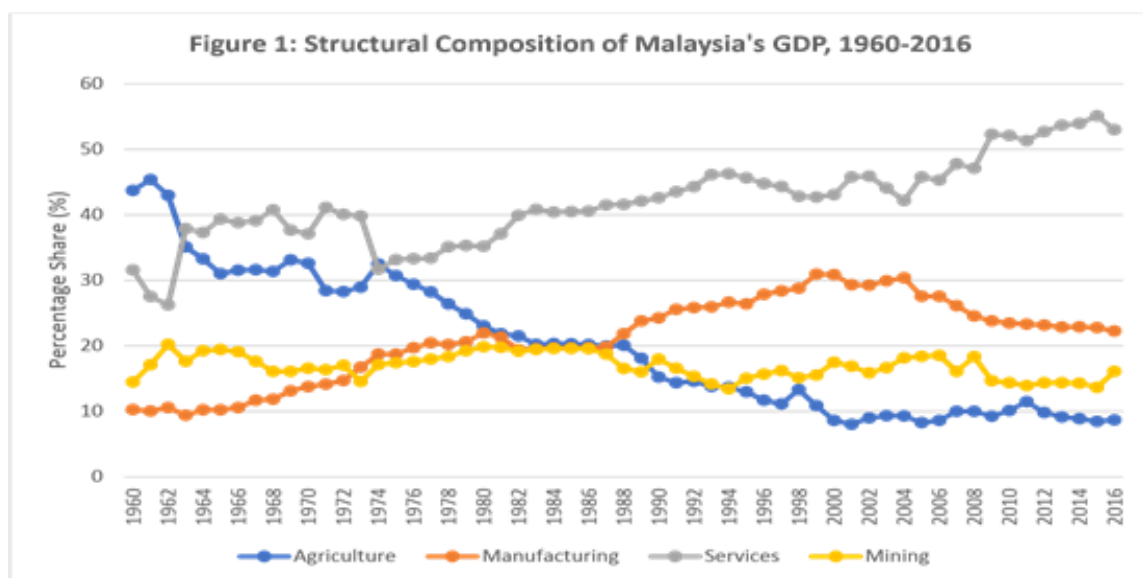
The performance of the manufacturing industry has been focused on by intensive research efforts in recent times. Manufacturing in Malaysia began to grow rapidly in the early 1980s, when

the country's policy departed from an agricultural economy to manufacturing based industry (AUessays, 2018). But then, it began to show a decline in the percentage share of GDP from 2004 until 2016 and showed an increase in sales in September 2020 which stood at RM121.2 billion, it grew 3.7 % compared to the previous year. How the manufacturing sector can keep up with their growth every year? Despite all the challenges faced, which is specifically related to the firm's strategic management and its impact on the manufacturing industry's performance in Malaysia?

STRATEGIC MANAGEMENT ON MANUFACTURING PERFORMANCE

The strategic management is the ongoing planning, monitoring, analysis and assessment of all necessities an organization needs to meet its goal and objectives (Rouse, 2020). In this globalization era, the business environment is characterized by increasingly high levels of uncertainty and change (Vermeulen, 2020). According to Department of Statistics of Malaysia (p2020), manufacturing can be defined as the physical or chemical transformation of materials or components into new product, whether the work is performed by power-driven machines or by hand, whether it is done in a factory or in the worker's home, and whether the products are sold at wholesale or retail.

The manufacturing industry and export achievement in Malaysia have a strong relationship where about 80% of the product produced in the manufacturing sector for export. This sector contributed 21.6% of Gross Domestic Product (GDP) in the mid of 2020. The Manufacturing Index has recorded a decrease of 4.2% in March, 2020 which is the lowest since February 2013 (-5.0%) due to the COVID-19 pandemic that engulf the country. The sale value in the manufacturing sector states 2.2% to RM339.4 billion in 2019. Malaysia has recorded a total of 2.6 million workers in the manufacturing sector, which is 16.9% from 15.1 million workers in 2019 (Department of Statistics Malaysia, 2020). Strategic management helps firms to achieve objectives by using limited sources and it provides framework decisions of the organization.



In Figure 1 above, the manufacturing sector is the second domain sector that shows an increase graph in the Malaysian GDP unlike other sector that show a decline. From this figure, it shows an increasing value from 1960 and peak in 1999, then it is started to uphold at 31% until 2000. The graph of the manufacturing sector has been downward since 2002 until 2004. From 2002, the graph, then increases to 2004 and then decreases again. From 30% in 2004, it declines almost continuously every year by 22% in 2016. Even the graph is unstable every year, but its performance is better than the other sector such as agriculture and mining. In 1994, the

manufacturing sector's share of employment stood at 25% and declined to 17% by 2016 (Patel, 2020).

Firms use strategy formulation decisions to choose the most appropriate courses of action to achieve its defined goals. This strategy can help them to evaluate its resources, allocate budgets and determine the most effective plan for maximizing the return on investment (ROI). Thus, the organizations can re-plan the organization's strategy to increase their performance. Firms should also consider an external audit, which focuses on identifying and evaluating trends and events beyond the control of a single firm. Some of the external forces or factors are political, economic, social or technology that might probably affect the industries. An organization that has a clear external environment can succeed in the future and may give a strong influence to the manufacturing industries (Gleeson, 2019).

CONCLUSION

This study shows that manufacturing industries has a strong influence in Malaysia as compared to other economic sectors even though they slightly declined from 2004 to 2016 but is increasing of lately. Firm's planning is important in the organization to ensure the organization achieves its goal. With the firm's strategic management, the manufacturing industries can contribute more to Malaysian GDP. It is concluded that, strategic management is very important for all sectors and industries.

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