

UNIVERSITI TEKNOLOGI MARA

**PRODUCT FOCUS : A STUDY ON THE
PRODUCT PROCESS AT AYUMA
ENTERPRISE**

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ABSTRACT

This study is to investigate the process in the product focus at Ayuma Enterprise (AE) and to examine why it cannot meet the increased demand for its laksa paste. Data collected from the semi-structured interviews with key person and employees of AE were analysed using three selected tools; the SWOT Analysis, the Fishbone Diagram and Time-function Mapping. AE's product is not variety in nature and its production is based on forecasted demand. Hence, meeting demand is of utmost important to its operations. Based on the findings, problems associated with meeting demand have been identified and some recommendations on how to improve its production capacity are discussed in this paper. The SWOT Analysis provides the internal and external assessments of AE. Meanwhile, the Fishbone Diagram analysis shows the root cause of the company's problem in meeting demand lies in its production process. The time-function mapping clearly shows that the time for each cycle of production can be shortened by eliminating certain process through the adoption of technology and machinery. Therefore, in order to enhance its current product focus strategy and preparedness for future demand, it is recommended that the company should adopt corrective strategies aiming at increasing production which include harnessing the benefits of the latest technologies through automation and machinery.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This chapter will introduce the background of the study and the company to be studied. Besides, it will explore the problem statement and list the research objectives and research questions. In addition, the chapter includes the scope, significance and limitation of the study and the definitions of the terms used in the study.

1.2 BACKGROUND OF STUDY

1.2.1 Understanding Food-Based SMEs and Their Contributions

There are various definitions of small and medium enterprises (SMEs) that can be found in the literature as the term 'SME' envelops a wide spectrum of definitions. Different organisations and countries set their own guidelines for defining SMEs, often based on number of employees and sales or assets. In Taiwan, the definition is based on capitalisation of under NT\$80m or employing 300 or fewer people whereas in South Korea, a SME is a firm employing fewer than 300 people and with less than US\$60m in assets. SMEs in Egypt are defined as those having more than five and fewer than 50 employees while in Vietnam, SMEs have between ten and 300 employees. Japan considers a firm a SME if it employs 300 or fewer people. The Inter-American Development Bank, meanwhile, describes SMEs as having a maximum of 100 employees and less than \$3 million in revenue. The World Bank, on the other hand, defines SMEs as those enterprises with a maximum of 300 employees, \$15 million in annual revenue, and \$15 million in assets (Dalberg Global Development Advisors, 2011).

The newly reviewed Malaysian definition for Small and Medium Enterprises (SMEs) was endorsed by the National SME Development Council (NSDC). The new definition is deemed essential and timely, as it takes into account the many economic developments and changes, such as the price inflation, structural changes and business trends that have taken place over the past decades. As the result of the change in

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides an overview of previous researches and studies on the importance of SMEs to the country's economic growth, problems and challenges that hinder their development and the theoretical perspectives factors related to product focus strategy that may influence the economic growth of SMEs.

2.2 PROCESS STRATEGY

Process Strategy is an organisation's approach to transform resources into goods and services (Heizer and Render, 2014). It is a pattern of decisions made in managing processes so that they will achieve their competitive priorities. Process strategy involves the use of an organisation's resources to provide something of value. The objective is to create a process that can produce products that meet customer requirements within cost and other managerial constraints. The process selected will have a long-term effect on efficiency and flexibility of production, as well as on cost and quality of the goods produced. Major process decisions include process structure, customer involvement, resource flexibility and capital intensity.

There are four types of process strategies:

- 1) Process focus
- 2) Repetitive focus
- 3) Product focus
- 4) Mass customization focus

Therefore, this study will focus on product focus in Ayuma Enterprise.