

## ***CHAPTER 3***

### **ENVIRONMENTAL ANALYSIS**

## **CHAPTER 3 ENVIRONMENTAL ANALYSIS**

### **3.1 INTERNAL ENVIRONMENT**

The internal capability profile of ACSB can be divided into three facets that comprises the financial audit for ACSB, SWOT analysis and ACSB current management style and corporate culture. The aim of the internal capability audit is to identify its capabilities, core competencies, resource allocation to cope with the dynamism and competitive environment.

The success of an organisation depends on the calibre of its human resources. It is the quality of the people that determines the continued survival and growth of the organisation. As the organisation growth, thought must given not only to the recruitment, selection, development and retention of human resources but also for the organisation to direct its attention towards career development and succession planning. Therefore, Checkland's Soft System Methodology or EMD (Flood and Jackson, 1991) has been employed to analyse ACSB's human resources particularly to recognise and develop ACSB employees. This is done by initially providing a pure view of having an actual system and then comparing it against an ideal system or model to reveal the strength and weaknesses as well as the inherent effect. The actual system has to align with the corporate missions. The reason why EMD is chosen is because it recognises cultural acceptance especially in managing people.

#### **3.1.1 Financial Audit for ACSB**

The turnover and profit after tax of ACSB for each of the past four financial years ended 30 June 1993 to 1996 and six (6) months period ended 31 December 1996, the financial year ended 31 December 1997 and six (6) months period ended 30 June 1998 is summarised in Table 3.1. Since Abic Berhad acquired the entire paid-up share capital on 30 June 1996, the company has

managed to turnaround from the red (loss RM1.1 m) in June 1996 to profit in 1997 (profit RM2.6 m) with a much lower turnover. The turnover has declined and profit is eroded in 1998 due to the shrinking market share and stiff competition from its competitors. The declining trend is expected to continue due to the economic downturn.

**Table 3.1 : Turnover and Profit for Abric Cladding Sdn. Bhd.**

|                       | Financial year ended<br>ended 30 June |       |        | 6 mths<br>ended<br>31 December |       | Financial year<br>ended<br>31 December | 6 mths<br>ended<br>30 June |
|-----------------------|---------------------------------------|-------|--------|--------------------------------|-------|----------------------------------------|----------------------------|
|                       | 1993                                  | 1994  | 1995   | 1996                           | 1996  | 1997                                   | 1998                       |
| Turnover (RM'000)     | 3,764                                 | 4,379 | 19,052 | 18,082                         | 7,852 | 14,000                                 | 8,040                      |
| Profit/(Loss)(RM'000) | 137                                   | 34    | 76     | (1,161)                        | 2,257 | 2,620                                  | 1,795                      |

- after tax

(Source : Abric, 1998)

### 3.1.2 SWOT ANALYSIS

The SWOT Analysis provides the basis of evaluating how well the resources of an organisation match with the needs of the environment in which it operates and compete. This analysis can be used to summarise the main strategic issues that need to be addressed in the Strategic Analysis phase. This also provides a systematic way of analysing the organisation's internal and external environment so that attention could be directed specifically on the alternative strategic options that need to be undertaken to overcome the problems.

#### a. Strength

##### *Technical Competencies*

Curtain walls and cladding business is technical and capital intensive and as such, few companies could afford to enter the market, hence resulting in the oligopolistic structure of the industry. Due to curtain wall and cladding industry structure, the award of jobs to this industry based not solely on price competition but also technical capabilities. The rapid growth and growing

awareness of the technical aspects and capability requirements had augured well for the industry and will be one of the basis for the industry's growth.

By taking a 51% stake in Manz Facade Engineering Sdn. Bhd. (MFE) who has a prominent curtain wall and cladding designer, Ir. Peter Lalas, will enhance the ACSB capability in planning, design, quality audit and rectification advisory services for facade engineering works. Through this smart partnership, ACSB is aspired to be the forefront of the industry. It is envisaged that the transfer of technology and knowledge can yield efficient curtain wall and cladding details that are cost and time efficient to construct.

## **b. Weaknesses**

### *Poor Technology Transfer*

By tying up with Manz Facade Engineering Sdn. Bhd. (MFE) just over a year ago. Most of the design is done by MFE whereby ACSB concentrate on the fabrication and construction parts. This has created a dependent culture in ACSB as its technical staff only follows what has been instructed by MFE. The personnel in the ACSB who are suppose to tap the knowledge from the MFE are pre-occupied with the running of the existing projects. This results in lack of technology knowledge transferred to ACSB or MFE's local staffs.

### *Inadequate Local Market Influence*

Insufficient marketing influence has caused ACSB's turnover to drop as its existing marketing personnel are always too complacent and did not strive hard to maintain or source new clients. Moreover, weakness in political clout and connections have hampered the chances of getting new projects.

### *Ineffective Contract Negotiation*

Ineffective contract negotiation resulted in incorrect contract price and opportunities to obtain a higher price for variation orders. Accountability and



experience also lack in terms of procurement of materials. Incorrect materials requisition and delays in deliveries ultimately delayed production and installation. It is not uncommon that ACSB has to pay liquidity damages when production failed to meet deliveries and failure of the Contract team to get extension of time from the client.

#### *Non-Committal Staffs*

Staff turnover in ACSB is high. There are no full-fledged career development path for the employees as well as training to promote continuous learning as identified using the Solf System Methodology (Appendix C). This has caused great damage to ACSB's project team since experience and knowledgeable personnel play an important role in the success of any project . Training is seen as an expense, not an investment. Training often takes place on an ad hoc basis, especially after a problem has been detected.

There is no management training either for senior or middle managers. There is no standardised personnel policy, with each manager carrying out, in his/her own way, coaching and performance appraisal. Most frequently, these activities are not done at all, resulting in proliferation of human relations problems.

#### *Insufficient Communications*

The staff are confused as no clear sense of direction are set for them by the management. They feel that the situation is now largely out of control and they do not know which way to turn to. Company policies is not clearly defined and articulated by the top management. Poor communication between managers and staff and between departments have created bottlenecks in the organization. Suspicion, distrust and resentful pervade the organization especially when the management recently cut the subsidy for the staff's training program. Wrong values and practices become entrenched as employees realized that to get on in the organization, they have to be totally subservient to

their top management. As a result, the director's wishes and not the organisation's needs are followed by the employees. Morale of the employees are very low.

The commitment from the employees is low, thus, difficult to attain and maintain competitive edge. In terms of technical knowledge, we need a workforce who are so-called "knowledge workers". In this instance, these employees are educated, demanding and are prepared to move to different jobs, thus resulting in a shortage. There are no open atmosphere and a candid communication channel so that employees can perform to their fullest. There are no personal opportunities for training and development to ensure the most capable and effective workforce.

### **c. Opportunities**

#### *Low End and Global Market*

Due to tremendous effect of the current economic crisis, all industries are concentrating on down-sizing their operations, thus it is foreseen that there will be no increase in the construction of high rise commercial buildings and factories from now or near future. Therefore, the opportunity for ACSB will be the housing projects being propagated by government and overseas fabrication works.

#### *R & D and Quality Certification*

Due to the current economic slow-down, the market will have considerable time to adventure and do research and development into new technology compared to the booming period, where the only concentration is meeting the projects' deadlines.

More industries will focus on global market instead of domestic resulting in higher quality product as well as lower cost. ACSB can strive to be the first

curtain wall and cladding company to obtain ISO 9000 and ISO 9002 certification. ISO certifications will enable ACSB to get premium price and gain competitive edge among its competitors.

#### **d. Threats**

##### *Cut Throat Competition*

There will be a dog fight for market share especially when the market has shrank rapidly. The situation where current supply exceeds demand will lead to a price war whereby individual companies are trying cut price to stay afloat. Major players are fighting on low prices and instead of improving services and quality. It is difficult to compete with small players who enjoy low overheads for projects costing less than RM500,000.

##### *Lump Sum Contract*

Most clients opt for lump sum contract instead of bills of quantities (BQ). Thus, contractor runs the risk of cost overrun due to oversight or mistakes during the taking-off stage.

##### *Globalization*

Influx of foreign competitors during the boom time has eaten a big slice in the local market due to their superior financial clout and low barriers of entry into Malaysia.

##### *Critique on SWOT analysis*

During the session of conducting SWOT analysis among the key personnels, it is found out that people do not like to face the truth, especially when the truth shows them in poorer light and also they tend to get unduly defensive when any mud is tossed onto their turf. This is perhaps the answer as to why at most strategic meetings, executives often keep to their safe corners and would refrain from voicing out any painful truth.

### **3.1.3 Current Management Style And Corporate Culture**

#### *Centralized And Bureaucratic Structure*

ACSB's organizational structure is very centralized and highly bureaucratic. It is an organization run according to the "machine" model. The top management who recognize themselves as people who have "seen it all" and thus no longer need to be told, or worse, as someone who only likes his own view and not others. They have become the victims of the self-fulfilling prophecy. There is no initiative to unleash the energies and creativity of the employees to help them realize their potential through empowerment. The management does not see the power, which could come from empowering its subordinates. For instance, a project manager must have the "green light" from the senior manager or executive director in respect of any transactions of any amount. Therefore, work always grind to a halt as the purchase order can not be issued without the signature of the senior manager and executive director. The project manager or the project engineer can only approve any variation order for sum less than two thousand ringgit although they are entrusted to run projects worth millions of ringgit. Imagine the embarrassment of the project manager/engineer who can only decide an contract worth less than RM2,000 in a meeting and any amount more than that has to be referred back to the headquarters. As a result, it is not surprising the employee lost all his initial enthusiasm to do great job for his company.

#### *Management By Fear Concept*

The "management by fear" is practised widely in the organisation. As one chief executive put it bluntly to his manager, "Never say no to your boss!". Autocratic bosses equate 'obedience' with 'productivity'. Employees are rewarded for their ability to carry out instructions the way their superiors want them. This has created a 'yes man' culture in the organisation and turn their employee into little more than mere order-takers and messenger. Ang (1999) through his book "Performance and Empowerment" put it succinctly;

"Through enfeebling their employees, they ensure that the 'show' cannot go on in their absence. This safeguards their self interest, enhance their importance, and makes them indispensable to their organisation."

By instilling fear in the mind of the employees, decisions are delayed unnecessarily, moral adversely affected and a drop in productivity. In addition, frustration, confusion, loss of self esteem, bitterness, and anger can have a devastating effect on individual performance.

Many elements described above seemed to reflect severe strategic weaknesses arising from short-sighted and conservative culture. It has been mentioned as to why the overall competitiveness has eroded and how it has led to competitors being more successful in tapping market opportunities. Efforts are desired to revitalise the company's position by initially focusing on the developing the three aspects mentioned above, strengthening the overall strategic competitiveness.

## **3.2 EXTERNAL ENVIRONMENT**

External environment can be defined as task and general environment (Johnson and Scholes,1997). Task Environment deals with those external competitive pressures which can directly affect an organisation's survival, analysed by carrying out an industry analysis. The General Environment, in contrast, comprises those conditions that have a broad, rather than direct, impact on the organisation. The research methodology adopted for task environment is structural analysis and market trends for general environment.

### **3.2.1 Structural Analysis of Curtain Wall and Cladding Industry**

The current competitive position of ACSB will be evaluated using the five factors below :

### **a. Competitive Rivalry**

#### *Numbers Of Organisation*

The curtain wall and cladding industry in Malaysia is a oligopolistic in nature with 8 key players having an almost equally size of the market. The key players can be divided into local and foreign companies and they are as follows :

#### Local Companies

- 1) Abric Cladding Sdn. Bhd.
- 2) Central Glass and Aluminium Contractors Sdn. Bhd.
- 3) Luksoon Metal Works Sdn. Bhd.

#### Foreign Companies

- 1) Fujisash (M) Sdn. Bhd. (Japanese)
- 2) Global Wall (M) Sdn. Bhd. (Australian)
- 3) Oliver Davey Glass (M) Sdn. Bhd. (Australian)
- 4) Shin Nikkei Sdn. Bhd. (Japanese)
- 5) YKK Industries (M) Sdn. Bhd. (Japanese).

#### *Competencies Analysis*

Although the threshold competencies in all of the activities within and around an organisation are necessary to the organisation's successful operation, it is important to identify those competencies which critically underpin ACSB's competitive advantage. The comparative advantage between ACSB and its active rivals are summarized in Table 3.2 :

#### *Industrial Growth*

The market growth in the construction industry before the economic turmoil is extraordinary. The mushrooming of developers is due to the pull factor in the construction industry. Mega projects such as Kuala Lumpur international Airport (KLIA) and Kuala Lumpur City Centre (KLCC) has attracted a lot of foreign contractors to capitalize the opportunities in Malaysia. However, up to end-1997, the construction industry has gone through a rough passage due to

**Table 3.2 : Competencies Analysis**

|                                            | <u>ACSB</u> | <u>Central</u><br><u>Glass</u> | <u>Global</u><br><u>Wall</u> | <u>YKK</u> |
|--------------------------------------------|-------------|--------------------------------|------------------------------|------------|
| 1. Capability Of Marketing Sales Personnel | Average     | Good                           | Good                         | Good       |
| 2. Product Knowledge                       | Average     | Average                        | Good                         | Good       |
| 3. Relationship                            | Good        | Cocky                          | Average                      | Average    |
| 4. Corporate Image                         | No          | Average                        | Good                         | Good       |
| 5. Cost                                    | Good        | Average                        | High                         | High       |
| 6. Profit                                  | Average     | Low                            | Average                      | Low        |
| 7. Overhead                                | Low         | Average                        | High                         | High       |
| 8. Transportation Cost                     | Average     | Good                           | Bad                          | High       |
| 9. Deliveries                              | Average     | Average                        | Average                      | Good       |
| 10. Technology                             | Good        | Average                        | Average                      | Average    |
| 11. Professionalism                        | Average     | Low                            | High                         | High       |

(Source : Author 's Illustration)

the financial turmoil. A lot of projects are either shelved or and deferred indefinitely. This has indirectly has reduced the usage of curtain wall and cladding works which can be considered as high end product. Average price for curtain wall and cladding are RM500 per square metre and RM420 per square metre respectively. The main players normally tender for curtain walls and cladding works that are worth more than five (5) million to stay competitive are also badly affected by the economic downturn.

#### *No Product Differences*

Where there is no product differentiation, that is, no brand loyalty, then the ability to capture customers depend upon price frequently. In addition, when switching costs are small, this is very elastic and thus rivalry will is keen.

Due to the current economic environment, competitive rivalry will definitely be high and more intense as most players start cutting their prices to an unreasonable level to stay afloat.

## **b. Supplier**

### *Materials*

The main ingredient in curtain wall and cladding works is aluminium and the major suppliers are Aluminium Company of Malaysia Berhad (ALCOM), LB Aluminium Berhad and SKB Aluminium Industries Sdn.Bhd. This is an oligopolistic situation. Due to the high import content, the price of aluminium has skyrocketed into RM10.60 per kilogramme as compared to RM6.00/kg before the currency turmoil. Therefore, the suppliers hold high bargaining power. Fortunately, the exchange control imposed by the government in September 1998 has stabilised the price of aluminium.

Other main suppliers would be glass manufacturers, gaskets companies, bolt and nuts trading company. Due to the implosion of confidence, suppliers have become more cautious. Cash terms or utilizing Letter of Credit (LC) are the common norms in any transaction. Previous payment terms such as 30 or 60 days are very rare.

### *Fabrication and Installation Works*

The current fabrication and installation works are outsourced to a few major sub-contractors. Outsourcing has helped ACSB in terms of meeting deliveries and reduced capital costs. However, outsourcing has posed some problems because suppliers have access on the engineering designs and good suppliers that have good track record in terms of quality and timely delivery are well sought after by the competitors. These have indirectly increased the cost.



### **c. Buyer**

#### *Price Sensitivity*

Since curtain wall and cladding are undifferentiated between buyers, it is basically a cut throat competition, whereby it is perceived that buyer's bargaining power will strengthen. This will dramatically affect ACSB's market share and competitive advantage.

#### *Relatively Low Switching Cost*

With the growing number of established competitors such as Central Glass, YKK and Global Wall, buyers perceived that consistent quality has in turn lowered the cost of switching to competitors. Many occasions ACSB had lost a few tenders (Maybank Bangsar, Pan Pacific Bank (KL), Perwira Affin Bank (Shan Alam), Hampshire Park) due to the intense low price of its competitors.

### **d. Substitute**

The substitute for curtain wall is the normal brickwall with casement windows (cost -60% less) which is now popular among the developers who are trying to cut cost. Granite (high cost - 20% more) or normal spray tiles (low cost - 50% less) can be used to replace aluminium cladding. Generally, developers normally opt for brickwall and spray tiles to cut development cost.

### **e. New Entrant**

#### *Removal Of Barriers To Entry*

Barrier to entry such as government control on licences had virtually disappeared during the Malaysia economic boom. With the rapid growth of new entrants, no doubt ACSB would be susceptible to intense competition as new entrants especially foreign owned companies have financial clout to capture the market and higher sustaining power. share. However, the plus point is that only the fittest company can survive this trying time. With the listing of its

parent company, ACSB hope that it will improve its liquidity position to compete with its rivals.

### **3.2.2 Market Trends**

This relates to other environmental elements, which have an effect on ACSB's progress and its ability to sustain and grow. This general environment have an implicit effect, not directly inflicting or supporting an organisation but may promote towards its long term strategies.

The spate of development and investment activities in the construction sector were overzealous before the economic meltdown due to five main reasons :

- (i) the continue strong growth of the economy for nine years (8% and above before 1997).
- (ii) increasing wealth of the people resulted in higher purchasing power.
- (iii) the period of super bull run in the KLSE.
- (iv) readily available cheap credit facilities from financial institutions.
- (v) attractive yields of the property industry.

#### **a. Government Policies**

The measures taken by the government which may stimulate the construction industry are summarised as follows:

- 31<sup>st</sup> March 1998 - Bank Negara Malaysia (BNM) deadline for finance companies to merge notwithstanding. The aim of Central Bank is to ensure that in the long run financial institutions are sufficiently big to be able to compete regionally and internationally.
- To relax restrictions on acquisitions of real property by foreigners, coupled with amendments to the Real Property Gains Tax on rates of tax on gains of 5% RPGT on disposal of properties acquired by non-citizens who are permanent residents after the fifth year.

- Abolishment of RM100,000 levy imposed on foreigners purchasing properties costing more than RM250,000.
- The Pengurusan Danaharta National Berhad 1998 Bill was passed in Parliament. Danaharta is set up to acquire the non-performing loans (NPL) in the financial institutions with the aim of improving their liquidity.
- The Exchange Control Measures announced by the government on 1 September 1998 aimed at regaining control of the ringgit from rogue speculators.

#### **b. Economic**

The economic slow down may last longer and may be more serious than what was originally thought. When the currency crisis hit the region in the second half of 1997, many believe that Malaysia, with its fundamental strengths, will be able to recover quickly. Some thought the economy could turn around within six to 12 months. However, the mood of despondency that prevails now could lead to a prolonged downturn, lasting between two to three years. Things have become so bad for example, in Malaysia has gone from being optimistic to pessimistic, from pessimistic to apathetic and finally from apathetic to fatalistic. Fatalism is a disease which causes a person to believe that he has no choice in a situation.

Two years ago, Professor Michael Porter of Harvard Business School remarked that "Asian companies don't have a strategy. They just do deals". The economic slowdown has affected many deals as they go sour with declining property and stock market price.

#### *Dismal Economy Outlook*

The Malaysian economy shows the dismal side the latter fourth quarter (July-September) 1998 show an economy still in recession, contracting by 8.6 per cent, on the back of a 6.8 percent contraction for the second quarter and a

2.8% contraction for the first quarter. So far, on an annualised basis, the economy has contracted by 6.4 per cent. Construction sector, one of the growth sectors has declined by a sizeable 28.2 per cent. If the fourth quarter fails to show any improvement, it will be impossible to see a slower GDP growth (-4.8%) and construction sector (-19.2%) for 1998 which was envisaged in Budget 1999.

### *Corrective Measures*

Realising the negative impact of the contraction measures, the government has implemented nothing less than 18 measures to either directly or indirectly to spur the demand for properties. These steps taken in chronological order are illustrated below :

#### June 1997

Petronas injected RM1 billion into the National Housing Company Sdn. Bhd. (NHC), the clearing-house set up to encourage the development of residential properties priced RM150,000 and below.

#### End August 1997

The government lifted the RM100,000 levy imposed on foreigners purchasing properties in Malaysia.

#### Mid October 1997

Under 1998 Budget, the government announced the following measures to encourage foreign direct investment (FDI) in the property sector :

- The Real Property Gains Tax (RPGT) imposed on non-citizens and non-permanent residents who disposed their properties after the fifth year of ownership was reduced to 5% compared with the previous 30% flat rate irrespective of the holding period.
- The quota for foreign ownership in condominium projects was increased from 30% to 50%.
- Permanent residents would be allowed to acquire properties priced from RM60,000.

#### Mid February 1998

The Special Committee to monitor housing development was set up to act as a mediator to resolve any problems arising between the financial institutions, developers and purchasers.

#### Mid April 1998

The government relaxed the condition for the acquisition of all types of residential units as well as shophouses and commercial premises costing above RM250,000 per unit. However, financing must be obtained from overseas financial institutions.

#### End April 1998

Bank Negara Malaysia (BNM) injected RM1 billion in to NHC's revolving credit facility.

#### Mid June 1998

To encourage the building of more low cost houses, the government revised the RM25,000 ceiling price based on four factors such as type of unit, location, land cost and monthly income of applicants.

#### End June 1998

The government called on banking institutions to extend the loan repayment period rather than increase their monthly instalments.

#### Mid July 1998

- Prime Minister Datuk Seri Dr Mahathir Mohammed announced that massive infrastructure projects would be aggressively undertaken as the spin-off would stimulate and benefit 140 related industries.
- Housing and Local Government Minister Datuk Dr Ting Chew Peh called on local authorities to approve applications for housing projects within one month.

#### End July 1998

The National Economic Recovery Plan (NERP) recommended that the property sector be re-classified as "productive" instead of "non-productive".

#### End August 1998

Danaharta bought its first NPL - a property related from Perwira Affin Merchant Bank Bhd.

#### Early September 1998

- The government announced the Exchange Control Measures (ECM) to insulate our economy from foreign speculators. The repatriation of funds would bring more liquidity in to the financial system.
- BNM announced that the construction and purchase of residential properties costing below RM250,000 were exempted from the 20% limit on lending to the broad property sector.
- BNM instructed all banking institutions to achieve a minimum loan growth of 8% by the end of the year.
- BNM announced a reduction in the Statutory Reserve Requirement of commercial banks, finance companies and merchant banks from 6% to 4%.  
This has led to a drop in the Base Lending Rates (BLRs).

#### Mid September 1998

The NHC announced that it had approved a total of RM490 million for the development of low, low-medium and medium-cost house.

#### End September 1998

It was reported that the ECM had resulted in the depositing about RM1.7 billion into the banking system.

#### Early October 1998

- The property sector was re-classified as "priority" in terms of receiving credit facilities.
- BNM reduced the three-month intervention rate by 50 basis points to 7.5% per annum, causing a further drop in the BLR.
- BNM also removed the ruling providing a maximum loan margin of 60% to purchasers.
- The Housing and Local Government Ministry announced that developers who are applying for the NHC's fund for the building of residential

properties costing RM150,000 and below can go directly to the participating financial institutions instead of going to the NHC first.

#### Mid December 1998

The government launched the month long "Home Ownership" campaign with the following incentives :

- (a) Loan facility up to 95% of the purchase price for non-resident employed in Malaysia.
- (b) Waiver of the bumiputra quota pertaining to unsold completed lots over RM42,000.
- (c) Newcomers with just 1 year service in the civil service will entitle for government housing loans.
- (d) Price discount, gifts and lucky draw offered by the developers, banks and insurance firms.

The incentives implemented by the government is to galvanise the property market and to help the country out of the economic doldrums. The pertinent features of these incentives are mostly concentrated on residential properties. The effects on curtain wall and cladding which are mostly utilised in the shophouses, retail space and factories are not imminent in the short run. However, the relaxing of the credit facilities has lessen the project financing cost for the current projects. In addition, ACSB can tap the low end market which consists mostly properties valued less than RM250,000.

#### **c. Socialcultural Factors**

##### *Labour Market*

The last decade or so belonged to the workers. Thanks to the nation's rapid economic growth and due to the lack of skilled manpower in some sectors, workers had the enviable position of being able to dictate terms to the management. The tight labour market forced to skyrocket – at a much faster pace than that of productivity. Labour cost per employee grew at a rate of 6.9

per cent in 1996. In 1997, labour cost per employee grew at a rate of 9.28 per cent.

But not anymore. As a result the current economic slowdown afflicting the region, a new trend is emerging. Wages are slowly approaching a more equitable level in relation to productivity. Foreign workers especially Indonesians are being deplored back to their country.

#### **d. Technological**

##### *Quality Awareness*

Many local companies are badly hurt due to heavy quality costs during the current economic slowdown. Estimates that the average quality cost of small and medium-sized companies is as large as 15 to 20 per cent of turnover while that of large companies is between 8 to 12 per cent.

Quality management has become an exact science. There is broad awareness here about the importance of having quality assurance systems such as ISO 9000 certification. Hence, new technologies and a paradigm shift are needed to achieve high quality products. This will assist ACSB in providing a competitive edge over its competitors.

The above assessment reveals that if ACSB is to effectively exploit the scope of its opportunities, it must initially overcome some of its major weaknesses which are evidently on training, management and leadership imbalance. Further, the development of long-term orientation can further minimise the negative elements currently confronting the organisation. ACSB must attempt to minimise potential threats which are realistically achievable if the central issues are resolved and the fact that these issues are controllable. Also, in the face of long term survival being threaten, elements of complacency and inhibiting culture can be expected to gradually diminish.



The enhancement or revitalisation efforts should focus on improving internal competencies especially the core competencies to enable the company to create and sustain competitive advantage. Only through these means will the company be more effective in developing strategies to exploit opportunities, sustain market share and minimise the severe external threats confronting the organisation.