

What Drives the Success of a Business Entity or An Organization? A Case Study of Mydin Mohamed Holdings Berhad

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ABSTRACT

Mydin, a company that transforms from a small family business to emporium and it is now the largest wholesaler in Malaysia. Mydin sell local and overseas products at affordable prices and cater to a large segment of the Malaysian population. In the hypermarket industry, having the right technology is the key that allows a business to grow, make profit, and successfully compete in the market. Mydin has to provide its products at the right time and at the best price to their customers, whilst ensuring excellent service. Getting information to people at the right time is as crucial. Mydin's top priority is to ensure the consistency of flow of communication in their supply chain network, from the suppliers, to logistics and warehouse, to the ground staff and management team. Also, Mydin is a wholesaler that meet all consumers' demand in one building that certainly save their time.

Keywords: affordable prices, having the right technology, excellent service, provide their products at the right time and best price, consistency of flow of communication, meet all consumers' demand in one building

INTRODUCTION

The MYDIN company was created by Mr. Mydin Mohamed's family in Kota Bahru, Kelantan under the name of Syarikat Mydin Mohamed in year 1956. Initially, the company started its business by selling toys from Thailand. Throughout the years until year 2000, Mydin has gone through a lot of improvement. In 2001, the company changes its name to Mydin Mohamed Holdings Sdn. Bhd. In the same year, the company is converted into public limited company and has since assumed the name of Mydin Mohamed Holdings Berhad.

Objective

To gain more profit by attaining more customers.

Company Mission

"We aim to be the leading local wholesale and retail company by providing the best value for money for the best assortment of goods, by providing service to our customers and by striving for excellence. We also aim to inspire more Malaysians to open outlets with our own proven success formula"

Vision

To be the leading Malaysian wholesale hypermarket in Malaysia

Size

In total, there are more than 3,000 employees working under the Mydin Group Holdings. The number of employees working in the branches varies based on the size of the branch. In the headquarters branch located in Jalan Masjid India, that I will be carrying out the research on, there are about 400-450 employees. As for the smaller branches, the estimated number of employees is in the range of 350-400. In every MYDIN branch, there are a few levels that specific staffs are assigned for different tasks, which are the management, stock, store, sales assistant, management, cashiers etc. Most of the staffs are trained to be the sales assistants and cashiers. These staffs are required to run daily operations in the branch.

History

MYDIN was founded in 1918 by Gulam Husen Jamal an immigrant from India, and father to Mydin Mohamed in Penang. Their first hawker business started on 1940. However, the shop was burnt down as a result of World War II and the family lost everything. But with strong determination, perseverance and faith has made his son, Mydin Mohamed, to continue the trades of wholesaling.

In 1957, he opened his first shop which was a small wooden shop named Syarikat Mydin Mohamed in Jalan Tok Hakim, Kota Bharu, Kelantan by selling toys and general merchandise. With the help of his immediate sons, the business spreads its operations to Kuala Terengganu in 1979 and later made their presence in Klang Valley at Jalan Masjid India in 1989. It is now known as Mydin Mohamed Holdings Berhad.

In 2011, MYDIN, along with other major hypermarkets such as Tesco and Carrefour participated in the TUKAR programme under the Economic Transformation Programme. The programme is aimed to transform 100 selected sundry shops into modern mini marts. The company is responsible for training the shops and providing assistance after transforming as mini marts along with Tesco. In July 2013, MYDIN's then ventured into the high-end retailing with the opening of the first SAM's Groceria outlet at the Gurney Paragon in Penang in July 2013. SAM affectionately stands for Saya Anak Malaysia (I am Malaysian).

As of September 2019, there are 74 outlets nationwide which include 26 hypermarkets, 17 emporiums, 8 supermarkets, 3 bazaars, 12 convenience stores that operate as MyMart and 5 franchise outlets operating as Mydin Mart and 3 premium grocery stores known as SAM's Groceria.

Characteristics of The Owner

Based on our review from the MYDIN THE UNTOLD STORY book by Dr. Hjh Siti Hawa Mohd (2012) that tells about MYDIN's story and its founder, we captured and analyzed some characteristics of the leadership style of MYDIN owner (Mydin Mohamed). Here are some of his distinct characteristics:

Mr. Mydin is unassuming and simple. This simple and unpretentious character can be seen clearly even manifested in the presence of royalty, in 2008 he was attending to Her Royal Highness the Sultanah of Perak, Tuanku Bainun at the biggest wholesale hypermarket in USJ, Subang Jaya. Mr. Mydin remained engaged with the royal entourage at the perfume counter of hypermarket USJ, while the rest of the staffs watched the ease Mr. Mydin calmly dabbed the perfume on paper tester, shook it and offered to Her Highness to sniff the smell. After a few whiffs of several perfumes, she

picked the one she liked and made her order. Both Her daughter looked relaxed and happy. I saw the tense look of both Mr. Mydin's grandson's IT Director, Mr. Malik and Procurement Director Mr. Mirza nearby. Their faces seemed to wonder whether their grandfather could pull this off flawlessly.

One of the characteristics of Mr Mydin that can be observed is his good communication skill. Mr. Mydin has an excellent communication skill verbally and non-verbally. Mr. Mydin will communicate with his employees nicely and listen to their ideas and suggestions. Mr. Mydin conducts a meeting once in a month to discuss regarding MYDIN's performance and also employees' suggestions and feelings too. Mr. Mydin always accept the good ideas or suggestions from his employees because he practices an open-mind policy. He also delivers his message and provide the tasks clearly to his employees in order to create a productive working environment.

He always encourages his employees when they do things wrongly instead of blaming them. Mr. Mydin is not only good in internal communication but also external communication. The way he communicates with his customers and supplier really surprised us. He patiently listens to customer's requirements and explains to them effectively. He will not get angry if his customers have ridiculous requirements but he will explain to them nicely.

Mr. Mydin is passionate about his work. He likes to do his work by himself even when he was in 80's. He is stationed at the perfume counter in Jalan Masjid India branch. He used to personally oversee MYDIN's perfume, the magnificent displays, selection of the beautiful bottles in various shapes and designs, the pricing of the perfumes and the concoction. Of course, now MYDIN has their own team specialized in perfume. And Mr. Mydin's dedication clearly shows in his commitment where he still comes to work, every day, including Sundays, even if it is for an hour.

Mr. Mydin is innovative. It is noticeable that he has an innovative character and up to date and this innovative personality manifest in the way he promotes his perfume, where he would make sure to exploit trend terms as a perfume names so he will be able to gain more of customers attention due to such catchy terms as well as reinventing new and fresh names. For instance, when Osama bin Laden was so much focused in the media, he mixed perfume and named it as Osama! When a local singer, Mawi became a household name he created another perfume and named it after the singer. This shows how innovative he was.

Mr. Mydin is also a very intuitive person, where he follows his gut in making rational decisions. Looking back to his very colorful life, he had to make so many decisions on his own alone. Not easy! He did not have the team; unlike his four sons have today. It is only now in 2019, his children, grandchildren, great-grandchildren, and the Malaysian customers are enjoying the fruits of his labor.

What Drives the Success of a Business Entity or An Organization?

1. Be Unique

Lady Gaga who is an American singer, songwriter and actress said "You have to be unique and different, and shine in your own way". Sometimes the way that many people use is not always the best way. Therefore, we need to choose the right way although we need to go alone. **Mike Simpson, Joanne Padmore and Nicki Newman who are studied at Sheffield University Management School, University of Sheffield, Sheffield, UK (2011)** reported that Small business

success is closely linked to small business performance. Success in business is a matter of opinion and may be related to the degree to which objectives are met or exceeded, some of which may be critical for success. Researchers have found it difficult to separate the concept of success from performance mainly because success can be defined in terms of certain elements of performance. Mr. Mydin perform well for his business because in 1966, Kota Bharu experienced its worst flood. Mr. Mydin turned this flood into a profit-making deal by coordinating with many corporate companies in arranging goods to the flood victims. During that time, many shops were closed until the flood ended but, Mr. Mydin chose to keep his shop open. The challenge was about how to deliver the goods because all places were submerged by the water. Therefore, he hired a speed boat to collect the items and brought them to his shop. He ordered the goods from Kuala Lumpur and delivered to the airport in Kota Bharu which was the only spot that was still not flooded with water.

Besides, Mr. Mydin tried to sell the goods that customers need and want at that moment. A customer asked for a certain type of batteries which Mr. Mydin did not sell. But he asked the customer to wait instead of telling the customer that he did not sell any. Then, he went out through the back door and bought the batteries as soon as possible. He gave the customer the batteries and told the customer to come to his shop for the future. After that, he wrote the item in his "Buku 555". Until today Mr. Mydin goes about with his "Buku 555" in his pocket. As a result, his shop was always having customers. Sometimes, the customers knocked on their door during the day and the night especially during Ramadan's sale. MYDIN sells their goods at hypermarkets, mini-markets, SAM's Groceria and many more. Since 1995, the customers can find anything they want in just one building. This certainly save their time especially for busy and working people.

MYDIN with a strategic business tagline of "Why Pay More? But at Wholesale Prices!" shows that MYDIN sells the goods with the cheapest price. Mr. Mydin knows that customer really love cheap prices especially to fulfill their basic needs because most of the items need to be bought monthly. For instance, sugar, laundry soap, stationery and others. The other shops, if the customers want buy the goods with the cheapest price, they need to buy in bulk and when MYDIN was at their growth phase, no other shop sells goods like MYDIN's concept. But today, MYDIN already has numerous competitors such as Eco-shop, Tesco and others.

2. **Corporate Social and Responsibility**

According to **Simeon Scott (2007)**, corporate social responsibility is "about understanding and managing the relationship between our trading operations and the economy, environment and communities within which we operate". In the theory of motivation such as Maslow' Hierarchy of Needs which is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid. The five-stage model are firstly, psychological needs such as water, sleep and clothing. Secondly, safety needs such as health and personal security. Thirdly, love and belonging such as friendship and sense of connection. Fourthly, esteem like respect and freedom and lastly, self-actualization which is desire to become the most that one can be. Mr. Mydin takes care and appreciates all of their employees by celebrating their

birthday party, Labour Day Celebrations, Sport and Recreation Club and many more.

MYDIN also did Majlis Berbuka Puasa for 15,000 people at Emporium Jalan Masjid India on 10 January 1999, charity such as collected RM50,000 for victims of the Aceh earthquake victims on 26 December 2004 and Darul Itam Rohingya Orphanage. "The more you give, the more you will get" is such a beautiful phrase that best describes Mr. Mydin's trait. We need to help others and God will surely ease our journey.

3. **Hardworking and Well-planned**

Datuk Wira (Dr.) Haji Ameer Ali is one hardworking entrepreneur. **Meral Elci, Irge Sener, Lutfihak Alpkhan (2011)** said that hardworking behaviour, one of the significant dimensions of work ethic, is among the most anticipated behaviours of employees working at all organizations. Even before he had graduated in 1981 with his Master's Degree in International Business from Sonoma State University, California, he decided to start working immediately. He was all geared to join the working world and serve his country. He wanted to pay back his MARA loan. On many occasions, Datuk Wira often thanked MARA publicly for without their financial assistance, he would not be where he is now. He had no qualms leaving the 'comfortable' student life in a developed country like the USA. Datuk Wira did not want to delay the working world. As the scholarship was not enough for him to live his life during that time, Datuk Wira had to work part-time as a dishwasher and toilet cleaner from midnight to 3 A.M. Other than that, he was once a busboy, clearing the tables in a restaurant from 6 P.M. to 11 P.M., and also a kitchen helper. At this point in life, it was very hectic and restless for him. However, he still needs to struggle and carry a heavy load of classes each semester like others.

On top of that, Datuk Wira decided to start saving from the first month of his working life in 1981. Money management is supreme for an entrepreneur, so he planned. "You will either tell your money what to do, or the lack of it will always manage you." This quote says it all. Therefore, Datuk Wira rented a fully furnished terrace house for him and his team that was located at Taman Megah on the way to the old Subang airport. His office on the other hand was located at Bangunan Dato' Zainal in Jalan Melayu, Kuala Lumpur. In spite of the fact that they need to endure long hours travelling to work and back home, bear in mind that change is never easy. Due to the house was fully furnished, they were able to save their money and need not incur heavy expenses to buy any furniture. For his well-planned attitude, he successfully brought a small shop in Penang back in 1918 spawned today's MYDIN, the wholesale and retail giant that rakes in more than RM3bil a year in revenue under the leadership of Datuk Wira Haji Ameer Ali.

RESEARCH METHOD

This research uses qualitative method using SWOT analysis.

RESULTS AND DISCUSSIONS

Now, MYDIN has expanded into three different categories of retail: hypermarkets, emporium and 24-hour-convenience stores, called MyMart. The fourth category is a mini-

market, which is called MYDIN-E. Datuk Wira has come a long way to achieve this extraordinary accomplishment. Developing leadership qualities by example or role modeling, and following his father's visions and determination to succeed had led him to be where he is today.

Datuk Wira has amazing personality to be a leader for MYDIN. Datuk Wira is considered conscientiousness because he is ambitious and hardworking person. According to Muhammad, N., Md Isa, F. and Othman, S. Muhammad, N., Md Isa, F. and Othman, S. (2011), Datuk Wira bravely quitting his job in the banking industry and focus on expanding MYDIN branch. His strong desire to make it happen can be considered as extraversion as he is bold and passionate to expand the business to a bigger facility although he did not get his father's blessings.

MYDIN aims to be leading wholesale and retail company by providing the best value, wide assortment of goods and continuous excellence based on its business formula. Datuk Wira understands that MYDIN is able to sufficiently meet the needs of the Malaysian consumers by focusing the price structure. Nowadays, consumers are very sensitive to price fluctuations and they want products that have value for money. To meet the goal, MYDIN needs new business strategy which involve change, adjustment, adaptation to new situations in his career and his life.

In order to change, he listens to the views of his staffs as they know which items are not making profit. Datuk Wira has ability to use his leadership power and influence to resolve it. As for that, he notices the strong cooperation and collaboration may give positive impacts on MYDIN. MYDIN collaborate with MARA University of Technology, Open University Malaya (OUM), Perbadanan Usahawan Nasional Berhad (PUNB), East Coast Economic Region Development Council (ECERDC) and Halal Industry Development Corporation (HDC). Apart from that, many strong and stable company approach MYDIN as it seen as best outcomes and reactions for both parties.

Datuk Wira also believe that leading human resources are one of the key success of a company. Datuk Wira often communicates with his staff. He gives his mobile number to them. Both staff and customers are surprised to see him helping customers with their heavy baskets or trolleys or rescuing a staff handling a difficult customer in person or via email. Datuk Wira also establish MYDIN RETAIL ACADEMY (MYRA) for employees. MYDIN invests heavily in training and developing its human capital. MYRA provides IT training, taking a forklift driving test, chemical training for fresh department and meat cutting training. There is also the extended family in the form of the staff. In the MYDIN culture, it is the moment-to-moment, the day-to-day interactions between management and staff which instills a sense of "family togetherness" such as meal with mates, staff birthdays and inter-branch sport competition. Loyal staff will be given reward, recognition and to be promoted to a higher level. MYDIN also accept foreign workers but they will not exceed the 30% foreign workers quota.

These approaches able to hang on those employees for long periods of time so that MYDIN can benefit from their efforts. MYDIN creates a desire to make someone stay in his company that include affective commitment, continuance commitment and normative commitment. Besides, MYDIN also implement the value-percept theory of job satisfaction to make the employees feel pleasure with the work itself. Spector (1997) reported organizations can be directed by humanitarian values. Based on these values they will attempt to treat their employees honorably and with respect.

Datuk Wira sees the importance trust, justice and ethics. He does not want MYDIN associated with ethical issues that can scratch MYDIN's reputation. Datuk Wira understand the factors that drive trust in authorities and the importance of trust levels. MYDIN can become more trustworthy by emphasizing corporate social responsibility. For examples, shop owners will be given a loan valued at RM20,000 to RM60,000 by Bank Rakyat. No fees will be charged by MYDIN for the training provided under TUKAR programme as this is part of MYDIN's corporate social responsibility.

CONCLUSIONS

Synopsis for the marketing strategies in MYDIN's corporation that are currently being used:

- i. Commercial activity through retailing and wholesaling out of range and variety of products, which are food line, household, soft line and hard line.
- ii. They depend on the diversification of the economic biases, meanwhile its instructional and educational level.
- iii. Focus on challenging strategic placement for a recently development, and the outlet enlargement.

MYDIN doesn't ignore and take the SWOT analyses inconsideration.

i. Strengths

a. Pricing Power

MYDIN has certain advantages, that they sell their products at wholesale price. Customers typically insurgent against price increases by switching to competing products, so that if the corporation has pricing power, customer will continue using MYDIN's products and services. To epitomized, MYDIN try their best to raise or to stable the price without reducing the demand.

b. Customer's Loyalty

Premium card that collecta accumulated points for the customers to redeem with other goods so they will be attracted and stick with MYDIN. Also because of that the corporation can assume the customers' needs by following their transaction through the system and based on it they can make promotions.

c. The Brand Name Leverage

It accrues when the marketing and the advertising campaigns have succeeded. According to the reputation and the strong name that holds MYDIN itself holds thousands of confident among different types of clients.

d. Punctuality

It is an advantage for them to be successful, because it's important to get people focused and do thing in a disciplined and meticulous manner.

e. Cost Advantages

Lower cost can restrict competitors on price.

ii. Weaknesses

a. Customer Service

Customers are unsatisfied from the MYDIN customer service which will lead them to shift to the competitors.

- b. Inaccuracy Tactic Decisions Applied
 - c. IT Infrastructure
Somewhat they have bottleneck of network problem whenever several outlets wanting to access the same database at a time.
- iii. Opportunities
 - a. Online shopping
Most corporations deal nowadays with boutiques or through online stores, or even trade their market on their own website besides the application, which is easy to deal with to compete with current need of shopping trends, on the other word to be more convenience.
 - b. Global expansion
The growth of the Mydin business has been remarkable. they tried their best to expand their branches whole over the world since they start their first retail outlet in 1989 so that Mydin reputation can be promoted worldwide.
 - c. Marketplace
By the power of their brand name, they have possibility to expand to other sector besides the wholesaling, such as hotels or agriculture.
- iv. Threats
 - a. Competition
They can get benefits from another competitors wholesaling corporation in term to add new outlet such as Tesco, Carrefour, Sultan Centre, etc.

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