

A Study of Individual, Group and Organizational Mechanism: A Case of AEON Hypermarket in Malaysia

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ABSTRACT

This study aims to examine the relationship between individual, group and organizational mechanism in Aeon, the biggest hypermarket in Malaysia. Aeon's parent company and headquarter is in Japan. The paper focuses on Aeon Hypermarket Malaysia. Aeon started its operations in Malaysia since September 1984. The paper presents how Aeon successfully attracts their customers and succeed in their business in Malaysia. The paper also discusses the marketing strategies employed by Aeon such as new product mixing methods, pricing strategies and promotion mix and how Aeon uses the marketing strategies to increase their profits and successfully positions themselves as the leading hypermarket in Malaysia. The study employs qualitative methodology using interviews. The managers were interviewed to obtain rich information to answer the objectives of the study. The paper concludes with some recommendation.

Keywords: Organizational Success, Customer Satisfaction, Aeon, Marketing, Malaysia

INTRODUCTION

AEON CO. (M) Bhd. (AEON) was incorporated on 15 September 1984 in Malaysia. AEON core value is putting customers first. Their business model and activities are guided by "Customer First" philosophy. Customers' needs are always the top priority of Aeon. Aeon believes that a good quality relationship with customers is one of the key success factors in doing the business. Today, Aeon is well established among Malaysians as well as foreigners, especially due to its diplomatic relationship with the international AEON group of companies. AEON has established itself as a leading chain of General Merchandise Stores (GMS) and supermarkets. Their stores had been controlled fully by themselves and for the resource of the stocks or goods with their own branding.

Besides that, AEON CO. (M) BHD. is a one of the biggest retailers in Malaysia. The company is engaged in the operations of a chain of departmental stores and supermarkets selling and provides a many type of goods ranging from clothing, food, household goods, other merchandise and shopping center operation. It operates through two segments: retailing and property management services. The retailing segment is engaged in the operations of a chain of departmental stores and supermarkets selling a range of goods ranging from clothing, food, household goods and other merchandise. The property management services segment is engaged in shopping mall operation. The company operates a chain of General Merchandise Stores (GMS), supermarkets and malls. In addition to its GMS along with its supermarket and convenience store

operations, it is also including specialty store operations, shopping center development and operations, credit card business and services.

Not only that, one of the histories for AEON stated in Malaysia because of our prime minister's idea. Our prime minister at that time is Dr. Mahathir where he believed that the modernisation of the retail industry was important for development of the country's economic growth. At the same time, Dr. Mahathir visited Tokyo and then met with JUSCO Co., Ltd. President, Mr. Takuya Okada in 1983 to discuss the proposition of bringing the JUSCO name to Malaysia. The talks ended on a positive note and Dr. Mahathir invited JUSCO to set up store in Malaysia. Their response towards Malaysian Government's invitation to help modernise the retailing industries in Malaysia had shown the progress for AEON company established in Malaysia. Following this, AEON company officially was established in September 1984. After that, using name as JAYA JUSCO's aim was to grow with the people of Malaysia through the transfer of expertise from Japan to Malaysia and human resource development, two factors which would contribute greatly the progress of Malaysia¹.

RESULTS AND DISCUSSIONS

Characteristics of The Owner/Manager in AEON

Aeon's characteristics are its unique policies for customers and employees. There are several principles for both customers and employees in Aeon's management. For customers, the company has three basic principles; Peace, People and Community, and pursues these principles with the customer's point of view as its core. According to Aeon's website, Peace means that "Aeon is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.". People means that "Aeon is a corporate group that respects human dignity and values personal relationships.". Also, Community means that "Aeon is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community."²

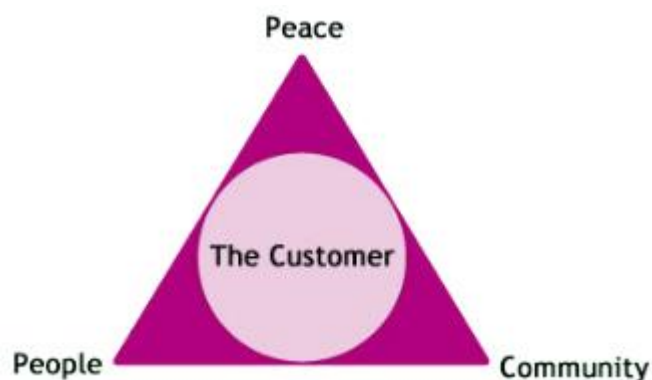


Figure 1: AEON basic principles

¹ Aeon Co, Ltd. (2015). *About Aeon*. Retrieved November 8, 2019, from <https://www.aeon.info/en/aboutaeon/rinen.html>

² About AEON: AEON Basic Principles. (n.d.). Retrieved November 10, 2019, from <https://www.aeon.info/en/aboutaeon/rinen.html>.

In addition to this, Aeon's activities are guided by 'Customer First' philosophy in the markets all over the world. The aim of the philosophy is that make customer's smile by Aeon's unique personal services. Aeon makes effort to provide excellent services every time when customers visit Aeon.

Not only for customers, aeon also has unique policies for employees. As Aeon's basic principles on personnel which is based on respect for human rights, Aeon try hard to listen employees' aspirations, understand employees' feelings and make the most of what employees have to offer. Creation of the cooperation environment which realizes that human resources who grow constantly can continue to work for a long time or management of personnel which evaluates employees' ability and achievement without their nationality, age, gender, or job category are the basic approach to personnel to carry out these principles. In addition, in Aeon, there are five human resource principles; fairness, respect, openness to change, rationality, and skills development. These basic policies play an important role to respect and protect employees in Aeon.



Figure 2: The pyramid of management based on human rights

Other than these policies, Aeon tackle a lot of promotions to attract customers. One of the promotions that Aeon have tackled was Aeon member card. Presently, fifteen kinds of Aeon member card can be seen in Aeon's website. Aeon member card gives customer member several privilege. For example, members of Aeon card can buy products sold in Aeon with special discounted prices only for members of Aeon card. Aeon card members also can receive gifts by saving Aeon points or gain rebate from Aeon. According to Aeon Annual Report 2018, prepaid AEON Member Plus Card and AEON e-wallet was launched in May 2018. These services are provided to maximize customer's benefits and promote customer's loyalty by digitalization and cashless transaction. They helped to enhance customers' shopping experience and convenience.

Integrative Model

1) Organizational Mechanisms

i) Organizational Structure

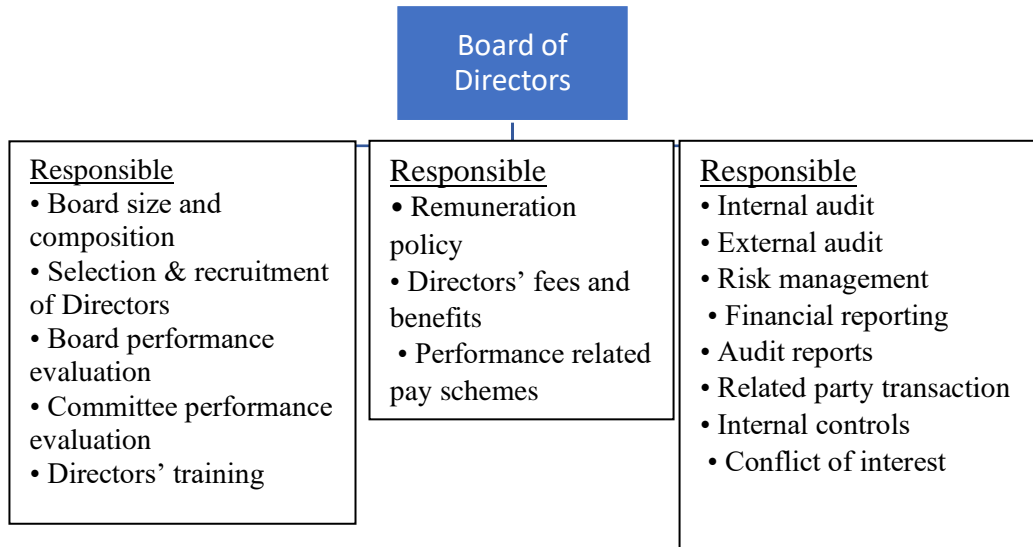


Figure 3: AEON Board of Directors Structure

Based on the Figure 3, we can conclude that AEON organization arranged their upper management such as board of directors which divides it into three different departments such as nomination committee, remuneration committee dan audit and risk management committee. Each department operates in accordance with the written terms of reference approved by the board. The directors will make a review first with the terms of reference of the committees from time to time. The board approves the appointment of the members and the chairman of each group. It had shown that board of the directors of AEON company had the power to control the process inside the organization.

Board of directors play an important role for the AEON organization in order to maintain the organization to be one of the listed companies. Besides that, as the management decision-making body, the directors also passes resolutions on conflicts matters, and from that make decisions on by approves basic management policies and important matters. That concepts similar with the one of the elements of the organizational structure, which is centralization, reflects where decisions are formally be made in the organizations which mostly involves the top manager.

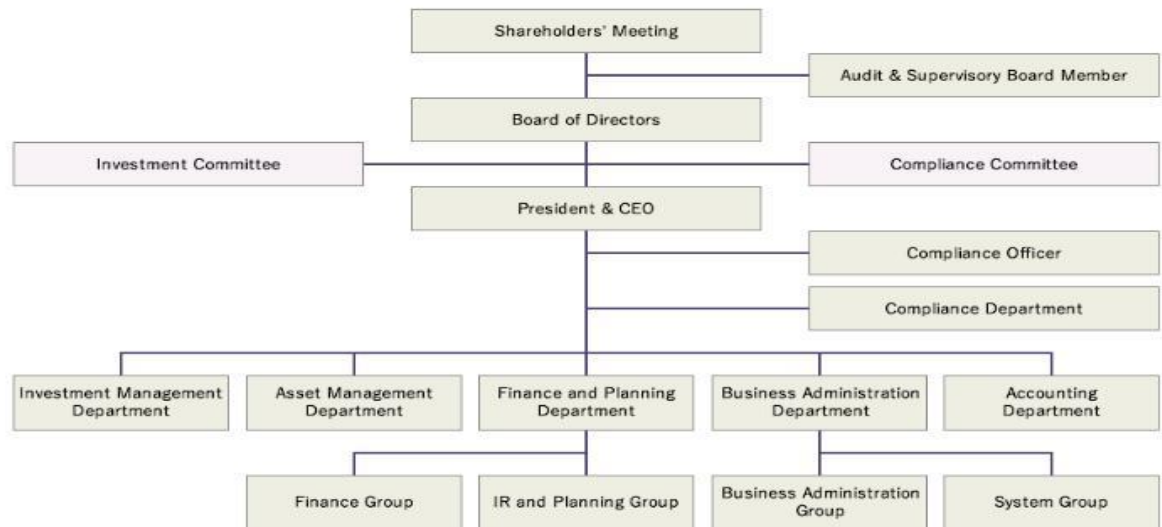


Figure 4: Management Organizational Structure

Next, in the Figure 4, it had shown the management organization structure of AEON company from the upper to the lower management. From the Figure 3, we already defined the types of board of directors and their responsibilities. In other words, the directors make decisions for management's basic important matters including management strategy so that their responsible is the main for AEON company. After that, they had investment committee who responsible for passes resolutions on investment decisions related to the acquisition or disposition. Next, compliance committee passes investment decision-related procedures comply with laws, regulations, and internal rules while compliance department handles matters related to compliance. So, this is part of middle management for AEON organization structure. Usually, the middle management will be link with upper management as intermediary to lower management. Any decision made by the directors will be process by the middle management which they command the lower management to settle it.

Furthermore, there are few of departments in charge for lower management such as investment management department, asset management department and finance group. However, two different departments under business administration department such as business administration group which involves in handling business administration and various general affairs and system group manages information systems and the development. Lastly, accounting department handles accounting, financial reporting, and tax matters. Overall, this structure can be represented as multi-divisional structure which are bureaucratic organizational forms in which employees are grouped around functional. It is because AEON company divide the employees into three parts of management and different of department where had their own function towards the company.

2) Group Mechanism

i) Team: Processes and Communications

In the process, Aeon improved the quality of the process. AEON has many types of internal training programs. These models are very important and valuable for teamwork processes such as interpersonal relationships. For example, AEON offers training called a basic image (interest, thinking, clothing, patient care, etiquette). This transition is a collective effort to prepare employees for future work. This shows how they work and how they work.

Improving the course of action is also important. To improve performance, the course of action plays an important role before and after work. To this end, Aeon is also concerned about this stage. AEON holds a competition to evaluate the quality of service and recognition of outstanding employees. For example, Aeon organized a contest called "Competition for the Best Customer Service". AEON managers measure and classify employee performance in this contest. This type of competition is very effective for increasing labor productivity. In addition, contests can motivate employees to perform well and admire them. employee

In terms of communication, Aeon's internal training programs and competitions are also very effective. They may be retail stores. The reason is that the internal training program is the perfect model to show the right work throughout the game. They provide the perfect choice for assembling a quiet model. This allows employees to receive and recognize the right job.

ii) Teams: Characteristics and Diversity

Characteristics and diversity defined that the team is made up of two or more people who work with each other for some time to achieve the same goal in relation to several task-oriented goals. Characteristic is divided by three types which is can be used to describe teams. The characteristic is team types, team interdependence, and team composition. Two of the major theoretical theories in team diversity literature, however, have concluded predictions on how diversity can work may impact effectiveness.

Firstly, management teams are like the workforce as they are designed to remain relative. but they also differ in some important ways. During the Aeon financial of the year under the review, Board evaluates of its Independent Non-Executive Directors and asserts that they are independent and objective in the Board's discussions. The Board is aware of what to recommend duration of the Directorate not exceeding nine cumulative terms as recommended by the MCCG and that the Independent Director may continue to serve the Board if the Independent Director has been reappointed as a Non-Independent Non-Executive Director after the expiry. nine years Aeon Company also manages their company by making each department an accomplishment of their planned goals.

Secondly, they integrate interdependence with the goals and literature of social skills to predict when individuals may be insulted. In spite of the two studies, we have found that mutual trust in cooperative goals is reduced, while competing goals in reliance are simplified; social skills reinforce the negative impact of the continuation of cooperative goals on accidental behaviour and neutralize positive impacts on interdependence of

competitive goals against strikes³. The Board has delegated to the Managing Director supported by the Executive Management Division, and implemented the Company's plans, policies and strategic policies approved by the Board to achieve the company's objectives and also to create a long term commitment for its shareholders in achieving excellence in customer service and providing best performance in the retail industry⁴.

Next, member roles are the is defined as the pattern of behaviour that one is expected to display in each context. In Aeon company, Board Independence where the institution recognizes the importance of independence and the objective of the decision-making process in line with the MCCG which is one of its areas of focus on corporate governance. The Board also, through the independence of the Director of the Nomination Committee's Nomination Committee to ensure continued compliance with these requirements each year. In contrast, although trust in the organization has a significant positive effect on team creativity, trust in leaders does not have a significant impact on team member creativity⁵ (Nam YongJo,2015).

Then, these personality traits affect the role played by team members as well as the evolving norms of the time, and finally, how the team and units' function. Personality theory concerns the nature of human nature and forms the basis for every discipline based on the seriousness of human motivation. Despite its centrality, the theory of personality has been marginalized in modern psychology⁶. In our research for Aeon that director of Aeon Company who considers that he has or may have conflicts of interest or significant personal interest or interest or direct or indirect relationship that may be considered to influence in a significant way the Director's decision in any matter relating to the Company, required to disclose to the Board immediately and to not participate in any discussion or vote on the matter.

³ Long-ZengWuaD. LanceFerrisbHo KwongKwancFloraChiangdEdSnapedLindie H.Liange(2015), Breaking (or making) the silence: How goal interdependence and social Skill predict being ostracized , 51-66, Volume 131 <https://doi.org/10.1016/j.obhdp.2015.08.001>

⁴ Bursa Malaysia. (n.d.). Retrieved November 7, 2019, from <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6146141>.

⁵ Nam YongJo, Kun ChangLee , Dae SungLee, MinheeHahn(2015). Empirical analysis of roles of perceived leadership styles and trust on team members' creativity: Evidence from Korean ICT companies, 149-156, Volume 42 , <https://doi.org/10.1016/j.chb.2014.03.015>

⁶ Robert Hogan, Ryne A. Sherman(2019), Personality theory and the nature of human nature, Volume 152, <https://doi.org/10.1016/j.paid.2019.109561>

3) Individual Mechanisms

i) Stress

Workplace stress has been widely studied by scientists for over a century and there are many different theories that describe the effects of stress and the causes of stress. Stress is the things that response to any changes that require adjustment or response. The body responds to this change with physical, mental, and emotional reactions. Stress is also the normal thing in our life. You can experience stress from your environment, body, and mind thinking.

Based on type of stress, firstly we found from our research the first type of stress that we found first was work hindrance. A type of work related to hindrance stressor, firstly is a role conflict. Role conflict refer to conflict expect that other people. After we interviewed Aeon employees, they stated that they had to do two jobs at a time in different departments such as department operation to sales department. They also feel stressed when she must do two jobs at a time because they also have specific tasks.

Secondly is role ambiguity under work hindrance stressor which refers to information on what to do on a roll, as well as uncertainty about the effects of performance on the job. One of Aeon's employees felt that they had no clear information on what to do that could lead to uncertainty about the true purpose of doing something, as well as uncertainty about the roles and positions held. Next, role overload is defined as when people involved in a region are filled with different roles, each bringing their own claim, all against what the individual can accomplish because he or she does not have enough resources to meet this demand⁷. They stated that the burden of completing tasks assigned to them by the manager in the short run and could not complete. The employee also notes that the information to complete the assignment is not enough to complete the assignment.

Next, we found from our research the second type of stress that we choose is work challenge stressor. A type of work related to work challenge stressor, firstly is work complexity. Work complexity is referring to degree to which the requirements of the work- in terms of knowledge, skill, and abilities-tax or exceed the capabilities of the person who is responsibilities for performing work. Aeon's employees have stated that they have trouble focusing on the work that is being done. Sometimes they also lose their emotional control over doing work. Secondly is work responsibility that means to the kind of duty that others have. They often assume the responsibilities given by the manager due to personal and surrounding issues. They can't allocate time for personal issues as well as work issues.

In addition, we also found our third type of stress that we choose is nonwork hindrance stressors. A type of work related to work challenge stressor, firstly is work-family conflict. Work-family conflict means that as work roles impede with family roles and the other way around⁸. Employees often point out that they often have problems with your partner and

⁷ Goode, W, J., 1960. A theory of role strain. *Am. Sociol., Rev.*, 25: 483-496

⁸ Shirley Angie SitiminAmily FikryZulhabri IsmailNorashikin Hussein (2017)

Work-Family Conflict among Working Parents of Children with Autism in Malaysia, 345 – 352, <http://creativecommons.org/licenses/by-nc-nd/4.0/>

often neglect their responsibilities as housewives and mothers to children caused by stress at work. Secondly, negative life-event also the part of work challenges stressor. They have uncontrollable feelings of stress that lead to depression. Sometimes they feel they have no time to manage their own lives due to stress at work being brought home.

Lastly, the fourth type of stress that we choose is nonwork challenges stressors. A type of work related to nonwork challenge stressor that we get is family time demands. Family time demand is means to the time that person which is must give commitment to do their part of work in their home also in family activities and responsibility. They are unable to spend time with their husbands and children because of the length of work and the tasks assigned to them that take too long to complete until late at night. They will also be given outside and away assignments so they will have to leave their children and spouse for a long time.

4) Individual Outcomes

i) Job Performance

For the job performance, an article defines that job performance concepts which agree that when conceptualizing performance, where must differentiate between an action or aspect and to determine an outcome for their performance. AEON CO (M) Sdn. Bhd, one of the retails company that not only produce goods but also produce services. Service work means that provides non-tangible goods to customers through direct electronic, verbal or physical interaction. So, AEON CO (M) Sdn. Bhd. created a lot of new jobs for services such as salesperson, customer service, food services and so on. The increase in service jobs has given impacts for job performance.

Furthermore, at AEON, employees are the company's assets. The company aims to be an "Employer of Choice" and believes in having the right talent for the right job, which drives AEON's diversified approaches to maintain a sustainable workforce. After that, high performers are identified through talent management system, so the company prepared an essential leadership training and education programmes to prepare them as future leaders. This is because AEON wants all the employee especially for service jobs to perform well in the organization.

Based on our research and information gathering about the AEON, we identify that the application used for evaluating the performance management was management the objectives (MBO). It can be related with AEON when AEON conducts 'Foster High Performance Culture', a performance reviews and evaluation for its employees on quarterly and annual basis including identifying high performers for the right merits and rewards. For examples, high performers are rewarded at annual best employee award event and in 2018, a total of 38 high performers (35 for Best Employee and 3 for Best Customer Service) were going to a holiday trip at another country which is Vietnam as reward for their effort and hard work. Not only that, excellent staffs are also get regularly recognised and appreciated by the shopping mall level and the stores where other employees will motivate and work harder to get a high job performance.

Others, AEON CO (M) Sdn. Bhd. organised 'AEON CERIA CLUB' which consists several activities for the comfort, benefit and enjoyment of its employees such as quarterly staff birthday party, annual gathering, festive celebration, sports event, health screening and event with government agencies and financial institutions to provide services and assistance for employees' welfare matters or in other words, one of the rewards for the employees who had given the best job performance. To summarise it, reward is a pattern use for the AEON organization to maintain the successful of the organization until now.

ii) Organizational Commitment

In line with AEON Basic Principles, we can say that this company very appreciate their employee by respect and their individual's value regardless of their gender, age and background. In order to build a diverse workforce, AEON company decide to use and plan a distinctive management framework which leads to it. So, they can work in diversity and gives full commitment to accomplish the organization's goal.

Besides that, a lot of events had been organised by AEON which brings affective and emotional feeling to their employees.⁹ It drives the employees to be more loyal where they will remain working in the organization as their pleasure. For example, AEON celebrate 'Festive Celebration' such as Chinese New Year Celebration, which held at Penang where their employees brought cheers to the senior citizens and old folks. They did many exciting activities with them such as lion dance performance. Not only that, for preparation of Raya celebration they organised 'SINAR KASIH RAMADHAN', which involves 9 AEON outlets and 2 AEON Big outlets throughout the country, with the grand event took place at AEON Seremban 2 and Klana Resort Hotel. There were many fun games for children, a berbuka puasa feast, tazkirah Ramadhan by Ustaz. The purpose of those activities for attracting their employees to be involve in this society event. The main activity for this celebration was a shopping session for the 130 participating kids and the 45 single parents who went home with duit raya each, along with a necessity pack of goodies. AEON company volunteered to organise this event in order to keep a good relationship their employees and the public.

Moreover, based on the celebration that organised had gave the employees affective impact to their commitment towards the organization. It can be called as affective commitment where the employee has an emotional bond with the organisation. They 'want' to be there¹⁰. We can say that AEON had a good organizational commitment for an organization which derives AEON to be a success organization. Apart of that, they also consider employee's task performance levels together with their organizational commitment level, so they want to balance it together. So, they applied 'star' concept

⁹ Bursa Malaysia. (n.d.). Retrieved November 7, 2019, from <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6146141>.

¹⁰ Colquitt, J., LePine, J. A., & Wesson, M. J. (2018). *Mgmt 363: Organizational behavior* (Sixth). United States: McGraw-Hill Education Create.

which possess high commitment and high performance and are held up as role model to other AEON employees.

CONCLUSIONS

As the conclusion, we conclude that our research is about factors that drive the success for the organization (AEON CO (M) SDN BHD) by using their website and information from the employees. We gathered all the information and data to complete our research and based on the integrative model as we learned on our subject, ATW 251 Organizational Behaviour.

Firstly, for the organizational mechanisms, we elaborate their organizational structure used from their upper management to their lower management. We also justify that their organization structure arranged by their functional. Not only that, the company also use centralization concept in their decision making by the upper management such as their board of directors.

Next, for the group mechanism, we describe their concept used on their team where they had stable process and communication. This organization train their employee in specific skills such as soft skills to improve their communication among themselves and the stable working process. They also formed their team by different characteristics and diversity. With that, they have a strong relationship bond which can give a good outcome for the organization and a work diversity environment.

Based on their organizational mechanism and their group mechanism, they can detect and create a solution for any conflicts happen on the organization whether on individual or organization. In other words, this leads to individual mechanism like stress. We identify four main type of stress such as hindrance and challenge stressors about this company. Fortunately, they still manage to control the issues and minimize the stressor among the employees to maintain their organization's success.

Lastly, according to the flows in integrative model, the last part in the integrative model is the individual outcomes that consist of two outcomes which is job performance and organizational commitment. Moreover, they also consider employee's task performance levels together with their organizational commitment level, so they want to balance it together.

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